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December 9, 2019

Via email to shade.kevin@epa.gov and U.S. Mail

Kevin Shade
Grants Mining District Coordinator
U.S. Environmental Protection Agency,
Region 6 (SEDAE)
1201 Elm Street, Suite 500
Dallas, TX 75270

Re: 104(e) Information Request
Johnny M Uranium Mine Site
Cibola County, NM
SSID A6AH

Dear Mr. Shade:

Enclosed is Fernandez Company, Ltd.'s Supplemental Response to EPA's September 30, 2019 104(e) Information Request which was received by Fernandez Company, Ltd. on October 8, 2019. If you need anything further, please contact the undersigned. Thank you for your consideration.

Sincerely,

CAVIN & INGRAM, P.A.

By: 
Stephen D. Ingram

SDI:tg
Enclosures

cc: Pam Travis (travis.pamela@epa.gov)
Ron Eddy (reddy@shermanhoward.com)

**FERNANDEZ COMPANY, LTD.'S SUPPLEMENTAL RESPONSE TO EPA'S
SEPTEMBER 30, 2019 CERCLA SECTION 104(e) INFORMATION REQUEST
REGARDING THE JOHNNY M MINE SITE, DATED
DECEMBER 9, 2019**

Fernandez Company, Ltd. ("Fernandez") hereby responds to EPA's Information Request – Johnny M Uranium Mine Site, Cibola County, New Mexico SSID A6AH, dated September 30, 2019 and received by Fernandez on October 8, 2019. The Information Request states that it was issued pursuant to Section 104(e) of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Sections 9601, *et seq.* ("CERCLA").

In order to provide adequate time for Fernandez to search for, compile and review historical documents that may be responsive to EPA's Information Request, Fernandez requested additional time to respond. Pursuant to agreement between EPA and counsel for Fernandez, Fernandez provided its initial response on November 7, 2019, with any additional response due on or before December 9, 2019. This constitutes Fernandez's supplemental response thereto. Only those requests where additional information is submitted are set forth herein.

GENERAL OBJECTIONS

1. These general objections apply to all of EPA's requests, and are incorporated into every response of Fernandez thereto, where applicable. Omitting the repetition of any of these general objections within responses to specific requests below, is not intended as, and shall not result in, a waiver of the right to interpose such general objections.

2. Fernandez objects to EPA's requests to the extent that they seek information or documents protected by the work product doctrine, attorney-client privilege, self-evaluation privilege, or any other applicable privilege. This objection includes, without limitation,

information or documents which relate to or concern mental impressions, communications, conclusions, opinions, research, or legal theories of an attorney or representative of Fernandez concerning this matter.

3. Fernandez objects to EPA's requests to the extent that they seek information or documents that are neither relevant to this matter, nor are reasonably calculated to produce information covered by EPA's authority under CERCLA Section 104(e).

4. Fernandez objects to EPA's requests to the extent that they are overly broad, unduly burdensome, vague, or ambiguous.

5. Fernandez objects to EPA's requests to the extent that they purport to call for publicly available documents and/or information, documents and/or information equally available from another source, or documents and/or information in EPA's possession, custody, and/or control, on the grounds that such documents and/or information are equally available to EPA. Fernandez objects to EPA's requests to the extent they call for information or documents from persons and/or entities over which Fernandez has neither control nor duty to control.

6. Fernandez objects to EPA's requests to the extent that they seek trade secrets and/or sensitive personal, financial, proprietary, and confidential information.

7. Fernandez objects to EPA's use of "Lee Ranch" in its requests as such term is not defined as to exactly what lands or entity are intended by EPA to constitute "Lee Ranch." For purposes of this response, Fernandez has interpreted the term Lee Ranch to mean that portion of the property owned by Fernandez upon which the Johnny M Mine is located, generally speaking, certain property in Township 13 North, Range 8 West, Section 7: S/2, and Section 18: E/2, McKinley

County, New Mexico. For purposes of clarity, in its responses, Fernandez refers to that property as the “Lee Ranch/Johnny M.”

8. Fernandez objects to EPA’s definition of “Site” as including Section 13, as the Johnny M Mine site is not located in Section 13, as noted above.

9. Fernandez objects to EPA’s requests to the extent they exceed the scope of EPA’s authority pursuant to Section 104(e) of CERCLA.

10. Fernandez is responding in good faith to each of the requests. In doing so, Fernandez does not waive or in any way limit any of its general or specific objections to the requests. Further, Fernandez’s response is not, and should not be construed to be, an admission of liability in law or fact.

11. The requests attempt to impose a continuing obligation on Fernandez to supplement any response provided by it. Such supplementation obligation is not authorized or required by applicable statutes or regulations including, without limitation, Section 104(e) of CERCLA.

RESPONSES

7. Please provide documentation that supports Fernandez Company, Ltd. or Lee Ranch’s ownership of Sections 7 and 13 and the East Half of Section 18 of Township 13 North, Range 8 West, of McKinley County, NM. If neither entity no longer owns the property, provide documentation that shows the transfer of the property.

ANSWER: Submitted herewith are the following documents regarding Fernandez’s ownership of the above-described lands:

- October 15, 1945 Warranty Deed from Santa Fe Pacific Railroad Company to Fernandez Company of lands including T13N, R8W, secs. 7 and 13, McKinley County, New Mexico, reserving all minerals to Santa Fe Pacific Railroad Company (F0001-F0003)

As stated in the deed, only the surface estate of the land was conveyed to Fernandez Company. All minerals were reserved by Santa Fe Pacific Railroad Company. It is Fernandez's understanding that certain portions of the mineral estate of Section 7, with respect to uranium and uranium-associated minerals, were leased by Santa Fe Pacific Railroad Company to Ranchers Exploration and Development Corporation by agreement dated October 10, 1971. It is Fernandez's understanding that the mineral estate in Sections 7 and/or 13 with respect to uranium and uranium-associated minerals was subsequently assigned to or succeeded to by Santa Fe Pacific Railroad Company's successors and/or assigns, including but not limited to, as applicable, Cerrillos Land Company, Santa Fe Pacific Minerals Corporation, Hanson Natural Resources Company, Santa Fe Pacific Gold Corporation, Uranco, Inc., Newmont Gold Company, Newmont Realty Company, and Rio Grande Resources Corporation

- November 14, 1968 Special Warranty Deed from C. L. Crowder Investment Company to Fernandez Company of lands including T13N, R8W, sec. 18: E/2, McKinley County, New Mexico, surface estate only (F0004-F0007)
- January 30, 1969 Patent from United States to C. L. Crowder Investment Company of lands including T13N, R8W, sec. 18: E/2, McKinley County, New Mexico, reserving all minerals to the United States (F0008-F0010)
- April 23, 1974 Warranty Deed from Fernandez Company to Floyd W. Lee, et al, of lands including T13N, R8W, secs. 7, 13 and 18: E/2, McKinley County, New Mexico (F0011-F0019)
- April 23, 1974 Warranty Deed from Floyd W. Lee, et al, to Fernandez of lands including T13N, R8W, secs. 7, 13 and 18: E/2, McKinley County, New Mexico (F0020-F0029)

9. Identify and provide any documents regarding leases, agreements, or contracts between Fernandez Company, Ltd. and/or Lee Ranch, and any former mine operator, including Ranchers Exploration and Development Corporation, Hecla (including its predecessors and subsidiaries), or any other entity for the Johnny M Mine.

ANSWER: Submitted herewith are the following documents regarding leases, agreements or contracts between Fernandez and any former mine operators concerning the Johnny M Mine:

- October 1, 1979 Agreement between Fernandez, Santa Fe Pacific Railroad Company, Ranchers Exploration and Development Corporation, HNG Oil Company and Envirosearch Corporation (F0030-F0058)

- August 24, 1982 Surface Lease between Fernandez and Ranchers Exploration and Development Corporation (F0059-F0064)
- June 22, 1993 Hecla letter to Fernandez terminating August 24, 1982 Surface Lease Agreement (F0065)

Fernandez entered into a June 15, 2012 Surface Use Agreement with Hecla Limited (“Hecla”), which provides Hecla access to allow it to undertake certain site characterization activities. The agreement provides that its terms are confidential and is in part designated as subject to the attorney/client privilege and attorney work product doctrine. Fernandez also entered into a tolling agreement with Hecla that flowed from said Surface Use Agreement and which has been extended from time to time. Fernandez refers EPA to Hecla for any additional information regarding said agreements.

10. Describe the activities or operations which were conducted at the Johnny M Mine by Fernandez Company, Ltd. and/or Lee Ranch. Provide documents in your possession which describes those operations which occurred at that mine.

ANSWER: Fernandez conducted no mining or mining-related activities at the Lee Ranch/Johnny M. Fernandez applied for water rights within T13N, R8W, sec. 18: NW/4NW/4NE/4, McKinley County, New Mexico in 1974 and took water through a pipeline from said lands for irrigation for a period of time. It ceased taking water from the site after the mine ceased operations and the pipeline was removed.

COMPARED

STATE OF NEW MEXICO } ss. #15132
COUNTY OF MCKINLEY }

Filed for record in the Clerk's office

No. 25 day of October

A. D. 1945 at 1:23 o'clock P. M.

and recorded in Book 12

of Deeds on page 536

Eva Ellen Sabin
County Clerk

K. Sonne
Deputy

23-667
Deed File No. 40937
WARRANTY DEED

THIS INDENTURE, Made this fifteenth day of October, one thousand, nine hundred and forty-five, by and between the SANTA FE PACIFIC RAILROAD COMPANY, a corporation, duly incorporated by Act of Congress approved March 3, 1897, hereinafter designated as Grantor, and FERNANDEZ COMPANY, a New Mexico Corporation of the County of _____, State of _____, hereinafter designated as Grantee.

WITNESSETH, That Grantor for and in consideration of the sum of Twenty thousand, seventy-nine and 50/100 Dollars, to it in hand paid by Grantee, the receipt whereof is hereby acknowledged, hath granted, bargained and sold, and by these

presents doth grant, bargain, sell and convey, subject to the reservations, exceptions, and conditions hereinafter contained, unto Grantee and the heirs and assigns of Grantee, that certain real property situated in the Counties of Valencia and McKinley, in the State of New Mexico, described as follows, to wit:

NEW MEXICO MERIDIAN, NEW MEXICO
Township fifteen North, Range six West.

Lots 1, 2 and NW1/4 section 5, containing 102.24 acres, lots 1, 2, 3, NE1/4, NW1/4 and W1/4 section 6, containing 611.13 acres, and lots 1, 2, 3, 4, NE1/4 and W1/4 section 7, containing 237.80 acres.

Township sixteen North, Range six West.

Section 1, containing 640.00 acres, section 3, containing 640.00 acres, section 4, containing 640.00 acres, section 5, containing 629.16 acres, section 6, containing 640.00 acres, section 7, containing 639.46 acres, section 8, containing 628.56 acres, section 9, containing 640.00 acres, section 10, containing 640.00 acres, section 11, containing 640.00 acres, section 13, containing 640.00 acres, NE1/4 and NW1/4 section 14, containing 240.00 acres, section 15, containing 640.00 acres, section 17, containing 629.52 acres, section 18, containing 638.66 acres, section 19, containing 639.84 acres, section 20, containing 632.20 acres, NE1/4 and W1/4 section 21, containing 480.00 acres, NE1/4 and W1/4 section 22, containing 480.00 acres, section 23, containing 640.00 acres, lots 1, 2, 3, 4, N1/2 and NE1/4 section 25, containing 521.12 acres, lots 1, 2, 3, 4, N1/2 and NE1/4 section 26, containing 530.20 acres, lots 1, 2, 3, 4, N1/2 and NE1/4 section 27, containing 537.88 acres, N1/2 and NE1/4 section 28, containing 400.00 acres, section 29, containing 714.42 acres, lots 1, 2, 3, 4, 5, 6, 9, 10, 11, NE1/4, E1/4NW1/4, N1/4SE1/4 and NE1/4SW1/4 section 30, containing 666.60 acres, and section 31, containing 640.00 acres.

Township fifteen North, Range seven West.

Section 12, containing 640.00 acres, E½E½, SW½SW½, NW½NW½, S½NW½ and SW½ section 14, containing 480.00 acres, lots 3, 4, 7, 8, SE½ and E½SW½ section 22, containing 309.52 acres, and lots 1, 2, 3, NE½NE½, W½NE½, SW½SE½ and SW½ section 23, containing 428.02 acres.

Township thirteen North, Range eight West.

Section 7, containing 639.64 acres, section 13, containing 645.36 acres, section 15, containing 640.00 acres, section 17, containing 640.00 acres, and lots 5, 6, 8, 9, 10 and E½NW½ section 25, containing 234.52 acres.

Township fourteen North, Range eight West.

Section 10, containing 640.00 acres.

Township sixteen North, Range nine West.

Lots 1, 2, 3, 4, S½N½ and SW½ section 4, containing 459.96 acres, section 6, containing 607.64 acres, section 18, containing 620.36 acres, and section 20, containing 640.00 acres.

Township eleven North, Range ten West.

Lots 1, 2, 3, S½NE½, SE½NW½, SE½ and E½SW½ section 3, containing 475.46 acres.

Containing in the aggregate twenty-five thousand, ninety-nine and thirty-seven hundredths acres.

Subject to all conditions, exceptions or reservations contained in Patent or Patents to said lands from the United States of America.

Subject also to easement to United States of America dated January 4, 1943 for range division fence affecting sections 1, 13 and N½ and N½S½ section 25, township 16 north, range 6 west.

Subject also to easement to Petroleum Products Refining and Producing Co., dated September 24, 1941, for oil pipe line across section 18, township 16 north, range 9 west.

Subject also to easement to State of New Mexico dated April 10, 1935 for U. S. Highway NRS 202 affecting section 3, township eleven north, range 10 west.

Grantor expressly reserves and excepts all oil, gas, coal and minerals whatsoever, already found or which may hereafter be found, upon or under said lands, with the right to prospect for, mine and remove the same, and to use so much of the surface of said lands as shall be necessary and convenient for shafts, wells, tanks, pipe lines, rights of way, railroad tracks, storage purposes, and other and different structures and purposes necessary and convenient for the digging, drilling and working of any mines or wells which may be operated on said lands. Grantor, or its successors or assigns, will pay to Grantee, or the legal representatives, heirs, successors or assigns of Grantee, a fixed price per acre for the surface of all lands appropriated under this exception and reservation, which price shall be equal to the average price per acre paid for all the lands above described, together with the fair value of the buildings and permanent improvements, if any, on the land the surface of which is so appropriated. If the parties cannot agree upon such fair value it shall be fixed by three appraisers, of whom each party shall appoint one and the two so appointed shall appoint the third.

This conveyance is made subject to and upon condition that in the event that Grantor, or its successors or assigns, or The Atchison, Topeka and Santa Fe Railway Company, or its successors or assigns, or any railroad company at least a majority of whose stock it owns, may at any time hereafter desire to construct across the premises hereinabove described, any railroad tracks, telegraph and telephone lines, or other electric wire lines, oil or water pipe lines, roadways, ditches, flumes or aqueducts, or to operate on said premises gravel and ballast pits and quarries and take material therefrom for railroad purposes, the right of way for any such tracks, telegraph, telephone or other electric wire lines, pipe lines, roadways, ditches, flumes and aqueducts, or sufficient width for the proper protection, maintenance and operation thereof, and the land necessary and convenient for the operation of such gravel and ballast pits and quarries and the taking of material therefrom for railroad purposes, may be appropriated by any such Company desiring to construct such tracks, wire lines, pipe lines, roadways, ditches, flumes or aqueducts, or to operate such gravel and ballast pits and quarries, upon such Company paying or offering to pay to Grantee, or the legal representatives, heirs, successors or assigns of Grantee, a fixed price per acre for the land so appropriated, which price shall be equal to the average price per acre paid for all the land above described, together with the fair value of all buildings and permanent improvements constructed upon the land so appropriated; and Grantee, or the legal representatives, heirs, successors or assigns of Grantee, will convey to such Company such appropriated right of way upon demand and tender of payment as aforesaid.

TO HAVE AND TO HOLD the said real property above described, and its appurtenances, unto Grantee, and the heirs and assigns of Grantee forever, subject always, however, to the reservations, exceptions, covenants and conditions above contained and hereinafter set forth.

And Grantor doth hereby covenant with Grantee, and the heirs and assigns of Grantee, that it is lawfully seized of the aforesaid real property, and that the same is free and clear of all incumbrances whatsoever, and that it will forever warrant and defend the title to the said real property unto Grantee, and the heirs and assigns of Grantee, against all persons lawfully claiming or to claim the same, except taxes levied after December 31st, 1945, provided, however, that it is expressly understood and agreed between the parties hereto that in case the title to any of such land intended hereby to be conveyed should fail, and Grantee should be evicted therefrom, or from any portion

thereof, by any person or persons holding title paramount to the title so intended hereby to be conveyed, that then and in such event, the measure of damages on account thereof, as well as for the breach of any covenant of warranty contained in this deed, whether expressed or implied, shall be such sum, and no more, as will be produced by multiplying the number of acres to which such title shall have failed by the average price per acre paid by Grantee to Grantor for the whole of said real property; and in no event shall the amount of damages which Grantee shall be entitled to receive or recover from Grantor, on account of any breach or breaches in the covenant or covenants contained in this deed, whether expressed or implied, exceed the said amount above expressed as the consideration hereof, and interest on such amount from the date of the payment thereof at the rate of five per cent per annum.

IN WITNESS WHEREOF, Grantor has caused this deed to be signed in its corporate name by its President or Vice-President, and its corporate seal to be hereunto affixed, duly attested by its Secretary or an Assistant Secretary, the day and year first above written.

ATTEST: H. B. Fink Secretary...
SEAL

SANTA FE PACIFIC RAILROAD COMPANY,
By R. G. Rydin Vice-President.

STATE OF California, } ss.
COUNTY OF San Francisco, }

On this 11th day of October, 1948, before me appeared R. G. RYDIN, to me personally known, who, being by me duly sworn, did say that he is the Vice-President of the SANTA FE PACIFIC RAILROAD COMPANY, a corporation organized and existing under and by virtue of an Act of Congress approved March 3, 1897, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said R. G. RYDIN acknowledged said instrument to be the free act and deed of said corporation.

WITNESS my hand and notarial seal this 11th day of October, A.D. 1948.

My commission expires
January 15, 1948

Emma L. MacHugh Notary Public.

SEAL

Cancelled Documentary Stamps \$22.55

SPECIAL WARRANTY DEED

C. L. CROWDER INVESTMENT CO., a New Mexico corporation,
for consideration paid, grants to FERNANDEZ COMPANY, a New
Mexico corporation, the real estate described in Schedule A,
attached hereto and made a part hereof.

SUBJECT to the reservations, exceptions and conditions
set forth and contained in the patent or patents to said
property, with special warranty covenants.

WITNESS my hand and seal this 14th day of November,

1968.

ATTEST:

Grace B. Crowder
Grace B. Crowder, Secretary

C. L. CROWDER INVESTMENT CO.

Charles L. Crowder
Charles L. Crowder, President

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me this
14th day of November, 1968, by Charles L. Crowder,
President of the C. L. Crowder Investment Co., a New Mexico
corporation, on behalf of said corporation.

James L. Nielsen
Notary Public

My commission expires on:

Nov. 18, 1972

OFFICE OF THE
COUNTY CLERK

FEB 4 11 29 AM '69

McKINLEY COUNTY

Fernandez Co
PO San Mateo, NM 87050

CROWDER - FERNANDEZ COMPANY

SCHEDULE ATownship 14 North, Range 6 West, NMPM.ACRES

| | |
|--------------------|-------|
| Sec. 6: Lots 12-15 | 39.34 |
|--------------------|-------|

Township 14 North, Range 7 West, NMPM.

| | |
|------------------|------|
| Sec. 4: Lots 5-8 | 9.48 |
| Sec. 6: Lot 5 | 2.80 |

Township 15 North, Range 7 West, NMPM.

| | |
|---|--------|
| Sec. 4: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ | 639.04 |
| Sec. 6: Lots 1-7, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ | 477.76 |
| Sec. 8: All | 640.00 |
| Sec. 10: Lots 1-5, N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ | 386.28 |
| Sec. 18: Lots 1-4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ | 637.76 |
| Sec. 20: All | 640.00 |
| Sec. 22: Lots 1, 5, NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$ | 115.01 |
| Sec. 24: Lots 1, 2 | 31.62 |
| Sec. 26: All | 640.00 |
| Sec. 28: All | 640.00 |
| Sec. 30: Lots 1-4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ | 638.08 |
| Sec. 32: SW $\frac{1}{4}$ NE $\frac{1}{4}$ | 40.00 |
| Sec. 34: Lots 1-8, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ | 614.72 |

Township 16 North, Range 7 West, NMPM.

| | |
|---|--------|
| Sec. 4: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ | 644.00 |
| Sec. 6: Lots 1-7, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ | 645.69 |
| Sec. 8: All | 640.00 |
| Sec. 10: All | 640.00 |
| Sec. 12: All | 640.00 |
| Sec. 14: All | 640.00 |
| Sec. 18: E $\frac{1}{2}$ E $\frac{1}{2}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ | 190.00 |
| Sec. 20: All | 640.00 |
| Sec. 22: All | 640.00 |
| Sec. 24: All | 640.00 |
| Sec. 26: Lots 1-8, N $\frac{1}{2}$ S $\frac{1}{2}$, N $\frac{1}{2}$ | 717.52 |
| Sec. 28: All | 640.00 |
| Sec. 30: Lots 1-4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ | 643.48 |
| Sec. 34: Lots 1-8, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ | 632.40 |

Township 13 North, Range 8 West, NMPM.

| | |
|--------------------------|--------|
| Sec. 18: E $\frac{1}{2}$ | 320.00 |
|--------------------------|--------|

Township 14 North, Range 8 West, NMPM.

| | |
|--|--------|
| Sec. 4: Lots 1, 2, 4, S $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ | 443.75 |
| Sec. 22: NE $\frac{1}{4}$ | 160.00 |

Township 15 North, Range 8 West, NMPM.

| | |
|--|--------|
| Sec. 2: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ | 637.60 |
| Sec. 4: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, SW $\frac{1}{4}$ | 477.40 |
| Sec. 6: Lots 1-7, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ | 650.53 |
| Sec. 8: All | 640.00 |
| Sec. 10: All | 640.00 |
| Sec. 12: N $\frac{1}{2}$ | 320.00 |

19,074.26

STATE OF NEW MEXICO
COUNTY OF MCKINLEY

#118,455

Filed for record in the Clerk's office
the 4th day of February
A. D. 1969 at 11:19 o'clock A.M.
and recorded in Book 18

of Deeds on page 290
Jay Radosevich

County Clerk

Lucile Wood, Deputy

OFFICE OF THE
COUNTY CLERK
FEB 4 11 19 AM '69
MCKINLEY COUNTY

The United States of America

To all to whom these presents shall come, Greeting:

W H E R E A S

C. L. Crowder Investment Company
in exchange for certain other lands conveyed to the United States, has selected and is entitled to a Land Patent pursuant to section 8 of the Act of June 28, 1934 (48 Stat. 1272, as amended, 43 U.S.C. 315g (1964)), for the following described lands:

New Mexico Principal Meridian, New Mexico.

- T. 14 N., R. 6 W.,
Sec. 6, Lots 12, 13, 14 and 15.
- T. 14 N., R. 7 W.,
Sec. 4, Lots 5, 6, 7 and 8;
Sec. 6, Lot 5.
- T. 15 N., R. 7 W.,
Sec. 4, All;
Sec. 6, Lots 1 to 7, inclusive,
S½NE¼, SE¼NW¼, S½SE¼;
Sec. 8, All;
Sec. 10, Lots 1 to 5, inclusive,
N½NE¼, SE¼NE¼, E½NW¼,
NE¼SE¼, S½SE¼;
Sec. 18, All;
Sec. 20, All;
Sec. 22, Lots 1 and 5, NW¼NE¼,
NE¼NW¼;
Sec. 24, Lots 1 and 2;
Sec. 26, All;
Sec. 28, All;
Sec. 30, All;
Sec. 32, SW¼NE¼;
Sec. 34, All.
- T. 16 N., R. 7 W.,
Sec. 4, All;
Sec. 6, All;
Sec. 8, All;
Sec. 10, All;
Sec. 12, All;
Sec. 14, All;
Sec. 18, E½E¼, NE¼SW¼SE¼, S½SW¼SE¼;
Sec. 20, All;
Sec. 22, All;
Sec. 24, All;
Sec. 26, All;
Sec. 28, All;
Sec. 30, All;
Sec. 34, All.

T. 13 N., R. 8 W.,
Sec. 18, E $\frac{1}{2}$.

T. 14 N., R. 8 W.,
Sec. 4, Lots 1, 2 and 4, S $\frac{1}{2}$ NE $\frac{1}{4}$,
E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$;
Sec. 22, NE $\frac{1}{4}$.

T. 15 N., R. 8 W.,
Sec. 2, All;
Sec. 4, Lots 1, 2, 3 and 4, S $\frac{1}{2}$ N $\frac{1}{2}$,
SW $\frac{1}{4}$;
Sec. 6, All;
Sec. 8, All;
Sec. 10, All;
Sec. 12, N $\frac{1}{2}$.

Aggregating 19,074.26 acres;

NOW KNOW YE, that there is, therefore, granted by the UNITED STATES unto the above named claimant the lands above described; TO HAVE AND TO HOLD the said lands with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant, its successors and assigns, forever; and

EXCEPTING AND RESERVING TO THE UNITED STATES:

1. A right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (26 Stat. 391; 43 U.S.C. 943);
2. All mineral deposits in the lands so patented, and to it, or persons authorized by it, the right to prospect, mine and remove such deposits from the same under applicable law;
3. Those rights for distribution line purposes as have been granted to the Continental Divide Electric Cooperative, Incorporated, its successors or assigns, by Permit Nos. New Mexico 0263365 and New Mexico 063642 under the Act of March 4, 1911 (36 Stat. 1253; 43 U.S.C. 961), as amended, as to lot 4 Sec. 6; lot 4 Sec. 18;

N $\frac{1}{2}$ Sec. 26; S $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 28; E $\frac{1}{2}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 30;
SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 32, T. 15 N., R. 7 W., E $\frac{1}{2}$ Sec. 8;
W $\frac{1}{2}$ Sec. 14; E $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 18; lots 1, 2, 3 and 4
Sec. 30, T. 16 N., R. 7 W., S $\frac{1}{2}$ N $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$
Sec. 2; lots 1 and 2, SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 4; NW $\frac{1}{4}$ Sec. 12,
T. 15 N., R. 8 W.

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

[SEAL]

GIVEN under my hand, in Santa Fe, New Mexico, the THIRTIETH day of JANUARY in the year of our Lord one thousand nine hundred and SIXTY-NINE and of the Independence of the United States the one hundred and NINETY-THIRD.

By *Michael P. Sloan*
Manager, New Mexico Land Office.

Patent Number 30-69-0050

WARRANTY DEED

FERNANDEZ COMPANY, a New Mexico corporation, for consideration paid, grants to FLOYD W. LEE, an undivided 31.42% interest, to FRANCES M. LEE, an undivided 31.42% interest, to HARRIET F. LEE, an undivided 21.11% interest, to HARRY F. LEE, an undivided 15.45% interest, to HARRY F. LEE as custodian for FLOYD W. LEE II, a minor, an undivided .20% interest, to HARRY F. LEE as custodian for HARRY F. LEE, JR, a minor, an undivided .20% interest, and to HARRY F. LEE as custodian for MARRON LEE, a minor, an undivided .20% interest in the following described real estate located in Valencia and McKinley Counties, New Mexico:

CEBOLLETA LAND GRANT:

All that portion of the Cebolleta Land Grant set off and decreed to Alonzo B. McMillen and Joshua S. Reynolds in Cause No. 6113 in the District Court of Bernalillo County, New Mexico, wherein Roman L. Baca et al. were plaintiffs and Santiago Anaya, et al. were defendants, and being Tract No. 2 as shown in the map filed in said cause. Said Tract is located partly within the County of Valencia and partly within the County of McKinley in the State of New Mexico, and is more particularly described as follows, to-wit: BEGINNING at the one-mile corner on the West boundary of the said Cebolleta Land Grant; thence East 869 chains and 32 links to the Southeast corner of said Tract 2; thence North 825 chains and 20 links to the North boundary of said Cebolleta Land Grant at a point 11 chains and 64 links West of the eight-mile corner of the survey of said Grant; thence West 228 chains and 36 links to the eleven-mile corner on the North boundary thereof; thence South 49 degrees 15 minutes West 103 chains to an angle point; thence 55 degrees 15 minutes West 297 chains to an angle point; thence South 29 degrees 15 minutes West 590 chains to an angle point; thence South 22 degrees 30 minutes West 80 chains to the place of beginning, and containing fifty-one thousand, one hundred and sixteen and

eighteen hundredths (51,116.18) acres,
more or less;

SAN MATEO SPRINGS GRANT TRACT NO. 1:

Located partly within the County of Valencia and partly within the County of McKinley, New Mexico, as shown and designated in the Plat filed in Cause No. 1438 in the District Court of Valencia County, New Mexico, wherein Mariano Gonzales, et al. were plaintiffs and Luz Baca, et al. were defendants. Said Tract is shown in said plat to contain 4,264.162 acres of land; EXCEPTING gold, silver or quicksilver, mines or minerals of the same reserved and excepted to the United States of America.

BARTOLOME FERNANDEZ LAND GRANT:

Situated in Townships 13 and 14 North of Ranges 7 and 8 West, N.M.P.M., in McKinley County, New Mexico, containing 25,424.28 acres according to the Official Plat thereof, made from Survey of Norris T. Cavalier, U.S. Deputy Surveyor, August 28 to Sept. 13, 1895, and approved June 1, 1896 by U.S. Surveyor General and on file in the Public Survey Office in Santa Fe, New Mexico; EXCEPTING gold, silver or quicksilver, mines or minerals of the same reserved and excepted to the United States of America.

FELIPE TAFOYA GRANT:

Situated in Townships 15 and 16 North of Ranges 6 and 7 West, N.M.P.M., in McKinley County, New Mexico containing 4340.23 acres according to the Official Plat thereof made from Survey of George H. Pradt, U.S. Deputy Surveyor, August 4th to 6th, 1899, and approved August 23, 1900 by U.S. Surveyor General and on file in the Public Survey Office in Santa Fe, New Mexico; EXCEPTING gold, silver or quicksilver, mines or minerals of the same reserved and excepted to the United States of America.

LAND AT SAN LUCAS:

The North One-half of the Northwest Quarter (N 1/2 NW 1/4) and the lots numbered one (1) and two (2) of Section Eight (8) in Township Thirteen (13) North of Range Seven (7) West, N.M.P.M.

TOWNSHIP 13 NORTH, RANGE 8 WEST:

All of Section 7.
All of Section 8.

All of Section 13.
All of Section 15.
All of Section 17.
East One-half (E 1/2) of Section 18.
All of Section 19.
All of Section 20.
All of Section 21.
All of Section 22.

A triangular tract in the Northwesterly portion of Section 23, lying West of Suerte 36 hereinafter referred to being 1321 feet long on the North line and 3010 feet long on the West line. SUBJECT to the rights of the owners of Small Holdings Numbered 33-42-44-45 and 47 mentioned in the Decree in Consolidated cases 1634 and 1624 on the Docket of the District Court in and for Valencia County, New Mexico, containing net about 45.64 acres.

All that portion of the West One-half (W 1/2) of Section 24, lying East of Suerte No. 1, as shown on the Plat showing Suertes of land at San Mateo filed in the office of the County Clerk of Valencia County, New Mexico, on August 22, 1917. EXCEPTING a Tract 50 feet square conveyed to Congregational Church of San Mateo for Cemetery by deed recorded in Book A-24, page 223, and EXCEPTING a portion of a tract measuring 200 yards by 500 yards conveyed to Nazario Sandoval and Aurora Sandoval by deed recorded in Book A-24, page 517 and EXCEPTING certain small holdings held by others, containing net about 70.00 acres.

All of lots 1, 2, 3 and 4 of Section 25.

All that portion of the Northwest Quarter of the Northwest Quarter (NW 1/4 NW 1/4) of Section 25, lying East of said Suerte No. 1 EXCEPTING a portion of a tract measuring 200 yards by 500 yards conveyed to Nazario Sandoval and Aurora Sandoval by deed recorded in Book A-24, page 517 and EXCEPTING a Tract of square acre conveyed to Nazario Sandoval and Aurora Sandoval, his wife, by deed recorded in Book A-27, page 555, and EXCEPTING many small tracts held and owned by the inhabitants of the town of San Mateo, containing net about 18.00 acres.

The North Half of the Northwest Quarter (N 1/2 NW 1/4) of Section 26.

All that portion of the North Half of the Northeast Quarter (N 1/2 NE 1/4) of Section 26, which lies East of said Suerte No. 1.

Certain Suertes or portions of Suertes hereinafter enumerated, as the same are shown and

designated on the plat showing suertes of land at San Mateo, Valencia County, New Mexico, in Sections 23, 24, 25 and 26, filed in the office of the County Clerk of Valencia County on August 22, 1917 and as the same are shown and designated on the Map filed with and made a part of the Final Judgment filed January 26, 1909, in Consolidated Cases #1634 and 1624 on the Docket of the District Court in and for Valencia County, New Mexico, to-wit:

- (a) That portion of Suerte 18 lying South of San Mateo Creek.
- (b) That portion of Suerte 19 lying South of San Mateo Creek.
- (c) That portion of Suerte 20 lying South of San Mateo Creek.
- (d) That portion of Suerte 21 lying North of San Mateo Creek.
- (e) All that portion of the South Half of Suerte 23 lying North of the Acequia Madre.
- (f) All of Suerte 24.
- (g) All of Suerte 25.
- (h) All of Suerte 26.
- (i) The North 838 yards of Suerte 27 and all that portion thereof lying South of San Mateo Creek.
- (j) All of Suerte 28.
- (k) All of Suerte 29.
- (l) All of Suerte 30.
- (m) All of Suerte 31.
- (n) All of Suerte 32.
- (o) All of Suerte 33.
- (p) All of Suerte 34.
- (q) All of Suerte 35.
- (r) All of Suerte 36, containing in all about 400.00 acres.

The North Half of the Northeast Quarter (N 1/2 NE 1/4) of Section 27.

The West Half of the Northwest Quarter (W 1/2 NW 1/4); the Southeast Quarter of the Northwest Quarter (SE 1/4 NW 1/4); the Southwest Quarter of the Northeast Quarter (SW 1/4 NE 1/4); the West Half of the Southwest Quarter (W 1/2 SW 1/4); the East Half of the Southwest Quarter (E 1/2 SW 1/4); the West Half of the Southeast Quarter (W 1/2 SE 1/4); and the East Half of the Southeast Quarter (E 1/2 SE 1/4) of Section 28.

The West Half of the Northeast Quarter (W 1/2 NE 1/4); the Northwest Quarter of the Southeast Quarter (NW 1/4 SE 1/4); the Northeast Quarter of the Southwest Quarter (NE 1/4 SW 1/4); the Southwest Quarter of the Southeast

Quarter (SW 1/4 SE 1/4); the Southeast Quarter of the Southwest Quarter (SE 1/4 SW 1/4); the East Half of the Northeast Quarter (E 1/2 NE 1/4); and the North Half of the Northwest Quarter (N 1/2 NW 1/4) of Section 33.

The South Half of the Northeast Quarter (S 1/2 NE 1/4); the Northeast Quarter of the Southeast Quarter (NE 1/4 SE 1/4); and the Southeast Quarter of the Northwest Quarter (SE 1/4 NW 1/4) of Section 34.

TOWNSHIP 14 NORTH, RANGE 6 WEST:

Sec. 6: Lots 12, 13, 14, 15.

TOWNSHIP 14 NORTH, RANGE 7 WEST:

Sec. 1: All;
Sec. 3: Lots 1, 2, 3, 4;
Sec. 4: Lots 5, 6, 7, 8;
Sec. 5: Lots 1, 2, 3, 4;
Sec. 6: Lot 5.

TOWNSHIP 14 NORTH, RANGE 8 WEST:

Sec. 1: Lots 1, 2, 3, 4;
Sec. 3: All;
Sec. 4: E 1/2, N 1/2 NW 1/4, E 1/2 SW 1/4;
Sec. 5: All;
Sec. 10: All;
Sec. 11: All;
Sec. 14: All;
Sec. 15: E 1/2;
Sec. 22: NE 1/4;
Sec. 23: N 1/2.

TOWNSHIP 15 NORTH, RANGE 7 WEST:

Sec. 1: All;
Sec. 3: All;
Sec. 4: Lots 1, 2, 3, 4, S 1/2 N 1/2, S 1/2;
Sec. 5: All;
Sec. 6: All;
Sec. 7: All;
Sec. 8: All;
Sec. 9: All;
Sec. 10: All;
Sec. 11: All;
Sec. 12: All;
Sec. 13: Lots 1, 2, 3, 4, NW 1/4 NE 1/4, NW 1/4, NW 1/4 SW 1/4;
Sec. 14: All;
Sec. 15: All;
Sec. 17: All;
Sec. 18: All;
Sec. 19: All;
Sec. 20: All;
Sec. 21: All;

Sec. 22: All;
 Sec. 23: All;
 Sec. 24: Lots 1 and 2;
 Sec. 25: All;
 Sec. 26: All;
 Sec. 27: All;
 Sec. 28: All;
 Sec. 29: All;
 Sec. 30: All;
 Sec. 31: All;
 Sec. 32: E 1/2 NE 1/4, NE 1/4 NW 1/4;
 Sec. 33: All;
 Sec. 34: All;
 Sec. 35: All.

TOWNSHIP 15 NORTH, RANGE 8 WEST:

Sec. 1: All;
 Sec. 2: All;
 Sec. 3: All;
 Sec. 4: All;
 Sec. 5: All;
 Sec. 6: All;
 Sec. 7: All;
 Sec. 8: All;
 Sec. 9: All;
 Sec. 10: All;
 Sec. 11: All;
 Sec. 12: All;
 Sec. 13: All;
 Sec. 15: All;
 Sec. 17: All;
 Sec. 18: All;
 Sec. 19: All;
 Sec. 20: All;
 Sec. 21: All;
 Sec. 22: All;
 Sec. 23: All;
 Sec. 24: All;
 Sec. 25: All;
 Sec. 26: All;
 Sec. 27: All;
 Sec. 28: S 1/2, S 1/2 N 1/2;
 Sec. 29: All;
 Sec. 30: All;
 Sec. 31: All;
 Sec. 32: All;
 Sec. 33: All;
 Sec. 34: N 1/2, SE 1/4;
 Sec. 35: All.

TOWNSHIP 16 NORTH, RANGE 6 WEST:

Sec. 1: All;
 Sec. 3: All;
 Sec. 4: All;
 Sec. 5: All;
 Sec. 6: All;

Sec. 7: All;
 Sec. 8: All;
 Sec. 9: All;
 Sec. 10: All;
 Sec. 11: All;
 Sec. 13: All;
 Sec. 14: All;
 Sec. 15: All;
 Sec. 17: All;
 Sec. 18: All;
 Sec. 19: All;
 Sec. 20: All;
 Sec. 21: All;
 Sec. 22: All;
 Sec. 23: All;
 Sec. 25: All;
 Sec. 26: All;
 Sec. 27: All;
 Sec. 28: All;
 Sec. 29: All;
 Sec. 30: All;
 Sec. 31: All.

TOWNSHIP 16 NORTH, RANGE 7 WEST:

Sec. 1: All;
 Sec. 3: All;
 Sec. 4: All;
 Sec. 5: All;
 Sec. 6: All;
 Sec. 7: All;
 Sec. 8: All;
 Sec. 9: All;
 Sec. 10: All;
 Sec. 11: All;
 Sec. 12: All;
 Sec. 13: All;
 Sec. 14: All;
 Sec. 15: All;
 Sec. 17: All;
 Sec. 18: E 1/2 E 1/2, E 1/2 SW 1/4 SE 1/4,
 SW 1/4 SW 1/4 SE 1/4;
 Sec. 19: All;
 Sec. 20: All;
 Sec. 21: All;
 Sec. 22: All;
 Sec. 23: All;
 Sec. 24: All;
 Sec. 25: All;
 Sec. 26: All;
 Sec. 27: All;
 Sec. 28: All;
 Sec. 29: All;
 Sec. 30: All;
 Sec. 31: All;
 Sec. 32: S 1/2 NE 1/4, N 1/2 SE 1/4;

Sec. 33: All;
Sec. 34: All;
Sec. 35: All.

TOWNSHIP 16 NORTH, RANGE 8 WEST:

Sec. 1: All;
Sec. 2: Lots 1, 3, 4, NE 1/4, S 1/2;
Sec. 3: All;
Sec. 4: All;
Sec. 5: All;
Sec. 6: All;
Sec. 7: All;
Sec. 8: All;
Sec. 9: All;
Sec. 11: All;
Sec. 12: All;
Sec. 13: All;
Sec. 14: All;
Sec. 15: All;
Sec. 17: All;
Sec. 18: All;
Sec. 19: All;
Sec. 20: All;
Sec. 21: All;
Sec. 22: All;
Sec. 23: All;
Sec. 24: SW 1/4 NW 1/4, W 1/2 SE 1/4 NW 1/4,
SW 1/4;
Sec. 25: All;
Sec. 26: All;
Sec. 27: All;
Sec. 28: All;
Sec. 29: All;
Sec. 30: All;
Sec. 31: All;
Sec. 33: All;
Sec. 34: All;
Sec. 35: All.

TOWNSHIP 16 NORTH, RANGE 9 WEST:

Sec. 1: All;
Sec. 2: Lots 3, 4, S 1/2 NE 1/4, SW 1/4;
Sec. 3: All;
Sec. 4: All;
Sec. 5: All;
Sec. 6: All;
Sec. 7: All;
Sec. 8: All;
Sec. 9: All;
Sec. 10: All;
Sec. 11: All;
Sec. 12: All;
Sec. 13: All;
Sec. 14: All;
Sec. 15: All;

OFFICE OF THE
COUNTY CLERK

APR 24 3 29 PM '74

McKINLEY COUNTY

Sec. 17: All;
Sec. 18: All;
Sec. 19: All;
Sec. 20: All;
Sec. 21: All;
Sec. 22: All;
Sec. 23: All;
Sec. 24: All;
Sec. 25: All;
Sec. 26: All;
Sec. 27: All;
Sec. 28: All;
Sec. 29: All;
Sec. 30: All;
Sec. 31: All;
Sec. 33: All;
Sec. 34: All;
Sec. 35: All.

STATE OF NEW MEXICO }
COUNTY OF MCKINLEY } 144,684

Filed for record in the Clerk's office
the 24th day of April

A. D. 1974 at 3:29 o'clock P. M.

and recorded in Book 22

at Deeds on page 217-225

Joe R. Pena

County Clerk

Pat A. Castillo, Dep.

Together with water rights and all structures
located thereon.

The foregoing description is intended to include
all real estate, together with improvements
located thereon, owned by Fernandez Company, a
New Mexico corporation, in Valencia and McKinley
Counties, New Mexico.

with warranty covenants.

WITNESS our hands and seals this 23 day of April,
1974.

FERNANDEZ COMPANY,
a New Mexico corporation

By Floyd W. Lee
Floyd W. Lee
Its President

ATTEST:

Frances M. Lee
Frances M. Lee
Its Secretary

STATE OF NEW MEXICO)
COUNTY OF VALENCIA) ss.

The foregoing instrument was acknowledged before me this
23rd day of April, 1974, by Floyd W. Lee, President of
Fernandez Company, a New Mexico corporation, on behalf of said
corporation.

Armando Lopez
NOTARY PUBLIC

My Commission Expires:

September 23, 1975

WARRANTY DEED

For consideration paid, FLOYD W. LEE grants an undivided 31.42% interest, FRANCES M. LEE grants an undivided 31.42% interest, HARRIET F. LEE grants an undivided 21.11% interest, HARRY F. LEE grants an undivided 15.45% interest, HARRY F. LEE as custodian for FLOYD W. LEE II, a minor, grants an undivided .20% interest, HARRY F. LEE as custodian for HARRY F. LEE, JR., a minor, grants an undivided .20% interest, and HARRY F. LEE as custodian for MARRON LEE, a minor, grants an undivided .20% interest to FERNANDEZ COMPANY, a limited partnership, in the following described real estate located in Valencia and McKinley Counties, New Mexico:

CEBOLLETA LAND GRANT:

All that portion of the Cebolleta Land Grant set off and decreed to Alonzo B. McMillen and Joshua S. Reynolds in Cause No. 6113 in the District Court of Bernalillo County, New Mexico, wherein Roman L. Baca et al. were plaintiffs and Santiago Anaya, et al. were defendants, and being Tract No. 2 as shown in the map filed in said cause. Said Tract is located partly within the County of Valencia and partly within the County of McKinley in the State of New Mexico, and is more particularly described as follows, to-wit: BEGINNING at the one-mile corner on the West boundary of the said Cebolleta Land Grant; thence East 869 chains and 32 links to the Southeast corner of said Tract 2; thence North 825 chains and 20 links to the North boundary of said Cebolleta Land Grant at a point 11 chains and 64 links West of the eight-mile corner of the survey of said Grant; thence West 228 chains and 36 links to the eleven-mile corner on the North boundary thereof; thence South 49 degrees 15 minutes West 103 chains to an angle point; thence 55 degrees 15 minutes West 297 chains to an angle point; thence South 29 degrees 15 minutes West 590 chains to an angle point; thence South 22 degrees 30 minutes West 80 chains to the place of beginning, and containing fifty-one

thousand, one hundred and sixteen and eighteen hundredths (51,116.18) acres, more or less;

SAN MATEO SPRINGS GRANT TRACT NO. 1:

Located partly within the County of Valencia and partly within the County of McKinley, New Mexico, as shown and designated in the Plat filed in Cause No. 1438 in the District Court of Valencia County, New Mexico, wherein Mariano Gonzales, et al. were plaintiffs and Luz Baca, et al. were defendants. Said Tract is shown in said plat to contain 4,264.162 acres of land; EXCEPTING gold, silver or quicksilver, mines or minerals of the same reserved and excepted to the United States of America.

BARTOLOME FERNANDEZ LAND GRANT:

Situated in Townships 13 and 14 North of Ranges 7 and 8 West, N.M.P.M., in McKinley County, New Mexico, containing 25,424.28 acres according to the Official Plat thereof, made from Survey of Norris T. Cavalier, U.S. Deputy Surveyor, August 28 to Sept. 13, 1895, and approved June 1, 1896 by U.S. Surveyor General and on file in the Public Survey Office in Santa Fe, New Mexico; EXCEPTING gold, silver or quicksilver, mines or minerals of the same reserved and excepted to the United States of America.

FELIPE TAFOYA GRANT:

Situated in Townships 15 and 16 North of Ranges 6 and 7 West, N.M.P.M., in McKinley County, New Mexico containing 4340.23 acres according to the Official Plat thereof made from Survey of George H. Pradt, U.S. Deputy Surveyor, August 4th to 6th, 1899, and approved August 23, 1900 by U.S. Surveyor General and on file in the Public Survey Office in Santa Fe, New Mexico; EXCEPTING gold, silver or quicksilver, mines or minerals of the same reserved and excepted to the United States of America.

LAND AT SAN LUCAS:

The North One-half of the Northwest Quarter (N 1/2 NW 1/4) and the lots numbered one (1) and two (2) of Section Eight (8) in Township Thirteen (13) North of Range Seven (7) West, N.M.P.M.

TOWNSHIP 13 NORTH, RANGE 8 WEST:

All of Section 7.
All of Section 8.
All of Section 13.
All of Section 15.
All of Section 17.
East One-half (E 1/2) of Section 18.
All of Section 19.
All of Section 20.
All of Section 21.
All of Section 22.

A triangular tract in the Northwesterly portion of Section 23, lying West of Suerte 36 hereinafter referred to being 1321 feet long on the North line and 3010 feet long on the West line. SUBJECT to the rights of the owners of Small Holdings Numbered 33-42-44-45 and 47 mentioned in the Decree in Consolidated cases 1634 and 1624 on the Docket of the District Court in and for Valencia County, New Mexico, containing net about 45.64 acres.

All that portion of the West One-half (W 1/2) of Section 24, lying East of Suerte No. 1, as shown on the Plat showing Suertes of land at San Mateo filed in the office of the County Clerk of Valencia County, New Mexico, on August 22, 1917. EXCEPTING a Tract 50 feet square conveyed to Congregational Church of San Mateo for Cemetery by deed recorded in Book A-24, page 223, and EXCEPTING a portion of a tract measuring 200 yards by 500 yards conveyed to Nazario Sandoval and Aurora Sandoval by deed recorded in Book A-24, page 517 and EXCEPTING certain small holdings held by others, containing net about 70.00 acres.

All of lots 1, 2, 3 and 4 of Section 25.

All that portion of the Northwest Quarter of the Northwest Quarter (NW 1/4 NW 1/4) of Section 25, lying East of said Suerte No. 1 EXCEPTING a portion of a tract measuring 200 yards by 500 yards conveyed to Nazario Sandoval and Aurora Sandoval by deed recorded in Book A-24, page 517 and EXCEPTING a Tract of square acre conveyed to Nazario Sandoval and Aurora Sandoval, his wife, by deed recorded in Book A-27, page 555, and EXCEPTING many small tracts held and owned by the inhabitants of the town of San Mateo, containing net about 18.00 acres.

The North Half of the Northwest Quarter (N 1/2 NW 1/4) of Section 26.

All that portion of the North Half of the Northeast Quarter (N 1/2 NE 1/4) of Section 26, which lies East of said Suerte No. 1.

Certain Suertes or portions of Suertes herein-after enumerated, as the same are shown and designated on the plat showing suertes of land at San Mateo, Valencia County, New Mexico, in Sections 23, 24, 25 and 26, filed in the office of the County Clerk of Valencia County on August 22, 1917 and as the same are shown and designated on the Map filed with and made a part of the Final Judgment filed January 26, 1909, in Consolidated Cases #1634 and 1624 on the Docket of the District Court in and for Valencia County, New Mexico, to-wit:

- (a) That portion of Suerte 18 lying South of San Mateo Creek.
- (b) That portion of Suerte 19 lying South of San Mateo Creek.
- (c) That portion of Suerte 20 lying South of San Mateo Creek.
- (d) That portion of Suerte 21 lying North of San Mateo Creek.
- (e) All that portion of the South Half of Suerte 23 lying North of the Acequia Madre.
- (f) All of Suerte 24.
- (g) All of Suerte 25.
- (h) All of Suerte 26.
- (i) The North 838 yards of Suerte 27 and all that portion thereof lying South of San Mateo Creek.
- (j) All of Suerte 28.
- (k) All of Suerte 29.
- (l) All of Suerte 30.
- (m) All of Suerte 31.
- (n) All of Suerte 32.
- (o) All of Suerte 33.
- (p) All of Suerte 34.
- (q) All of Suerte 35.
- (r) All of Suerte 36, containing in all about 400.00 acres.

The North Half of the Northeast Quarter (N 1/2 NE 1/4) of Section 27.

The West Half of the Northwest Quarter (W 1/2 NW 1/4); the Southeast Quarter of the Northwest Quarter (SE 1/4 NW 1/4); the Southwest Quarter of the Northeast Quarter (SW 1/4 NE 1/4); the West Half of the Southwest Quarter (W 1/2 SW 1/4); the East Half of the Southwest Quarter (E 1/2 SW 1/4); the West Half of the Southeast

Quarter (W 1/2 SE 1/4); and the East Half of the Southeast Quarter (E 1/2 SE 1/4) of Section 28.

The West Half of the Northeast Quarter (W 1/2 NE 1/4); the Northwest Quarter of the Southeast Quarter (NW 1/4 SE 1/4); the Northeast Quarter of the Southwest Quarter (NE 1/4 SW 1/4); the Southwest Quarter of the Southeast Quarter (SW 1/4 SE 1/4); the Southeast Quarter of the Southwest Quarter (SE 1/4 SW 1/4); the East Half of the Northeast Quarter (E 1/2 NE 1/4); and the North Half of the Northwest Quarter (N 1/2 NW 1/4) of Section 33.

The South Half of the Northeast Quarter (S 1/2 NE 1/4); the Northeast Quarter of the Southeast Quarter (NE 1/4 SE 1/4); and the Southeast Quarter of the Northwest Quarter (SE 1/4 NW 1/4) of Section 34.

TOWNSHIP 14 NORTH, RANGE 6 WEST:

Sec. 6: Lots 12, 13, 14, 15.

TOWNSHIP 14 NORTH, RANGE 7 WEST:

Sec. 1: All;
Sec. 3: Lots 1, 2, 3, 4;
Sec. 4: Lots 5, 6, 7, 8;
Sec. 5: Lots 1, 2, 3, 4;
Sec. 6: Lot 5.

TOWNSHIP 14 NORTH, RANGE 8 WEST:

Sec. 1: Lots 1, 2, 3, 4;
Sec. 3: All;
Sec. 4: E 1/2, N 1/2 NW 1/4, E 1/2 SW 1/4;
Sec. 5: All;
Sec. 10: All;
Sec. 11: All;
Sec. 14: All;
Sec. 15: E 1/2;
Sec. 22: NE 1/4;
Sec. 23: N 1/2.

TOWNSHIP 15 NORTH, RANGE 7 WEST:

Sec. 1: All;
Sec. 3: All;
Sec. 4: Lots 1, 2, 3, 4, S 1/2 N 1/2, S 1/2;
Sec. 5: All;
Sec. 6: All;
Sec. 7: All;
Sec. 8: All;

Sec. 9: All;
 Sec. 10: All;
 Sec. 11: All;
 Sec. 12: All;
 Sec. 13: Lots 1, 2, 3, 4, NW 1/4 NE 1/4,
 NW 1/4, NW 1/4 SW 1/4;
 Sec. 14: All;
 Sec. 15: All;
 Sec. 17: All;
 Sec. 18: All;
 Sec. 19: All;
 Sec. 20: All;
 Sec. 21: All;
 Sec. 22: All;
 Sec. 23: All;
 Sec. 24: Lots 1 and 2;
 Sec. 25: All;
 Sec. 26: All;
 Sec. 27: All;
 Sec. 28: All;
 Sec. 29: All;
 Sec. 30: All;
 Sec. 31: All;
 Sec. 32: E 1/2 NE 1/4, NE 1/4 NW 1/4;
 Sec. 33: All;
 Sec. 34: All;
 Sec. 35: All.

TOWNSHIP 15 NORTH, RANGE 8 WEST:

Sec. 1: All;
 Sec. 2: All;
 Sec. 3: All;
 Sec. 4: All;
 Sec. 5: All;
 Sec. 6: All;
 Sec. 7: All;
 Sec. 8: All;
 Sec. 9: All;
 Sec. 10: All;
 Sec. 11: All;
 Sec. 12: All;
 Sec. 13: All;
 Sec. 15: All;
 Sec. 17: All;
 Sec. 18: All;
 Sec. 19: All;
 Sec. 20: All;
 Sec. 21: All;
 Sec. 22: All;
 Sec. 23: All;
 Sec. 24: All;
 Sec. 25: All;
 Sec. 26: All;
 Sec. 27: All;
 Sec. 28: S 1/2, S 1/2 N 1/2;

Sec. 29: All;
Sec. 30: All;
Sec. 31: All;
Sec. 32: All;
Sec. 33: All;
Sec. 34: N 1/2, SE 1/4;
Sec. 35: All.

TOWNSHIP 16 NORTH, RANGE 6 WEST:

Sec. 1: All;
Sec. 3: All;
Sec. 4: All;
Sec. 5: All;
Sec. 6: All;
Sec. 7: All;
Sec. 8: All;
Sec. 9: All;
Sec. 10: All;
Sec. 11: All;
Sec. 13: All;
Sec. 14: All;
Sec. 15: All;
Sec. 17: All;
Sec. 18: All;
Sec. 19: All;
Sec. 20: All;
Sec. 21: All;
Sec. 22: All;
Sec. 23: All;
Sec. 25: All;
Sec. 26: All;
Sec. 27: All;
Sec. 28: All;
Sec. 29: All;
Sec. 30: All;
Sec. 31: All.

TOWNSHIP 16 NORTH, RANGE 7 WEST:

Sec. 1: All;
Sec. 3: All;
Sec. 4: All;
Sec. 5: All;
Sec. 6: All;
Sec. 7: All;
Sec. 8: All;
Sec. 9: All;
Sec. 10: All;
Sec. 11: All;
Sec. 12: All;
Sec. 13: All;
Sec. 14: All;
Sec. 15: All;
Sec. 17: All;

Sec. 18: E 1/2 E 1/2, E 1/2 SW 1/4 SE 1/4,
 SW 1/4 SW 1/4 SE 1/4;
 Sec. 19: All;
 Sec. 20: All;
 Sec. 21: All;
 Sec. 22: All;
 Sec. 23: All;
 Sec. 24: All;
 Sec. 25: All;
 Sec. 26: All;
 Sec. 27: All;
 Sec. 28: All;
 Sec. 29: All;
 Sec. 30: All;
 Sec. 31: All;
 Sec. 32: S 1/2 NE 1/4, N 1/2 SE 1/4;
 Sec. 33: All;
 Sec. 34: All;
 Sec. 35: All.

TOWNSHIP 16 NORTH, RANGE 8 WEST:

Sec. 1: All;
 Sec. 2: Lots 1, 3, 4, NE 1/4, S 1/2;
 Sec. 3: All;
 Sec. 4: All;
 Sec. 5: All;
 Sec. 6: All;
 Sec. 7: All;
 Sec. 8: All;
 Sec. 9: All;
 Sec. 11: All;
 Sec. 12: All;
 Sec. 13: All;
 Sec. 14: All;
 Sec. 15: All;
 Sec. 17: All;
 Sec. 18: All;
 Sec. 19: All;
 Sec. 20: All;
 Sec. 21: All;
 Sec. 22: All;
 Sec. 23: All;
 Sec. 24: SW 1/4 NW 1/4, W 1/2 SE 1/4 NW 1/4,
 SW 1/4;
 Sec. 25: All;
 Sec. 26: All;
 Sec. 27: All;
 Sec. 28: All;
 Sec. 29: All;
 Sec. 30: All;
 Sec. 31: All;
 Sec. 33: All;
 Sec. 34: All;
 Sec. 35: All.

TOWNSHIP 16 NORTH, RANGE 9 WEST:

Sec. 1: All;
Sec. 2: Lots 3, 4, S 1/2 NE 1/4, SW 1/4;
Sec. 3: All;
Sec. 4: All;
Sec. 5: All;
Sec. 6: All;
Sec. 7: All;
Sec. 8: All;
Sec. 9: All;
Sec. 10: All;
Sec. 11: All;
Sec. 12: All;
Sec. 13: All;
Sec. 14: All;
Sec. 15: All;
Sec. 17: All;
Sec. 18: All;
Sec. 19: All;
Sec. 20: All;
Sec. 21: All;
Sec. 22: All;
Sec. 23: All;
Sec. 24: All;
Sec. 25: All;
Sec. 26: All;
Sec. 27: All;
Sec. 28: All;
Sec. 29: All;
Sec. 30: All;
Sec. 31: All;
Sec. 33: All;
Sec. 34: All;
Sec. 35: All.

Together with water rights and all structures located thereon.

The foregoing description is intended to include all real estate, together with improvements located thereon, owned by Fernandez Company, a New Mexico corporation, in Valencia and McKinley Counties, New Mexico.

with warranty covenants.

WITNESS our hands and seals this 23 day of April, 1974.

Floyd W. Lee
FLOYD W. LEE

Frances M. Lee
FRANCES M. LEE

HARRIET F. LEE

HARRY F. LEE

HARRY F. LEE, as custodian for
FLOYD W. LEE II, a minor

HARRY F. LEE, as custodian for
HARRY F. LEE, JR., a minor

HARRY F. LEE, as custodian for
MARRON LEE, a minor

STATE OF NEW MEXICO)
COUNTY OF VALENCIA) ss.

The foregoing instrument was acknowledged before me this
29th day of April, 1974, by Floyd W. Lee, Frances M. Lee,
Harriet F. Lee and Harry F. Lee.

Carmen M. Lopez
NOTARY PUBLIC

My Commission Expires:
September 23, 1975

OFFICE OF THE
COUNTY CLERK
APR 24 3 34 PM '74
MCKINLEY COUNTY

STATE OF NEW MEXICO }
COUNTY OF MCKINLEY } ss. 144,689

Filed for record in the Clerk's office
the 24th day of April
A. D. 19 74 at 3:34 o'clock P. M.
and recorded in Book 22
at Woods on page 326-335
Joe R. Pena
County Clerk

Pat A. Castillo, Dep.

AGREEMENT

This Agreement (the "Agreement") made and entered into as of the 1st day of October, 1979, by and among Fernandez Company a limited partnership organized and existing under the laws of the State of New Mexico (hereinafter "Fernandez"), Santa Fe Pacific Railroad Company, a federal corporation created by act of Congress approved March 3, 1897 (hereinafter "Santa Fe"), Ranchers Exploration and Development Corporation, a New Mexico corporation (hereinafter "Ranchers"), HNG Oil Company, a Delaware corporation (hereinafter "HNG"), and Envirosearch Corporation, a Colorado corporation (hereinafter "Envirosearch").

WITNESSETH:

A. Fernandez is the owner of the surface estate in and to Section 7, Township 13 North, Range 8 West, N.M.P.M., McKinley County, New Mexico (hereinafter the "Property"). Such surface estate was purchased from Santa Fe in 1945, which reserved the mineral estate to the Property unto itself, its successors and assigns, together with various rights and uses, and subject to certain obligations, with respect to exploration for and development and production of minerals from the Property.

B. By a Uranium Mining Lease and Agreement dated October 10, 1971 (the "Lease"), Santa Fe leased the mineral estate to Ranchers with respect to uranium and minerals associated with uranium. Such Lease is attached hereto as Exhibit A and is by this reference made a part hereof. HNG has acquired an undivided one-half interest in Ranchers' leasehold estate, and Ranchers and HNG jointly have developed and are producing uranium ores from the Johnny M Mine which is situated in part on the Property and in part on the East one-half of Section 18, Township 13 North, Range 8 West, N.M.P.M. McKinley County, New Mexico. In connection with the development and operation of such mine, and the exploration which resulted in the discovery of commercially mineable deposits of uranium ore lying beneath the surface of the Property, Ranchers and HNG have utilized and are presently using so much of the surface of the Property as has been reasonably necessary to conduct the aforesaid operations, and will continue to utilize portions of the surface of the Property until mining operations have been completed.

C. As of April 1, 1955, Santa Fe and the predecessor of Fernandez entered into a certain Surface Owner's Agreement, a copy of which is attached hereto as Exhibit B and by this reference is made a part hereof. Such Surface Owner's Agreement, by its expressed language, was intended to avoid any future dispute as to what surface uses are permissible with respect to the Property under the rights of entry and surface use, expressed or implied, reserved by Santa Fe in the deed conveying the surface estate to Fernandez, and as to what uses would or might be considered excessive thereunder, and to provide fair compensation to Fernandez for the right to make such uses. Such Surface Owner's Agreement

also provides, among other things, for payment by Santa Fe to Fernandez of an amount equal to two percent (2%) of the value, on the premises, of uranium ore produced, saved and marketed from the Property.

D. A dispute has existed among the parties to this agreement as to whether or not the Surface Owner's Agreement remains in force and effect and whether or not Fernandez is entitled to payment of the aforesaid two percent (2%) of the value of uranium ore produced, saved and marketed from the Property. A dispute also exists among the parties to this agreement as to whether or not Ranchers and HNG are obligated to pay Fernandez a surface owner's royalty with respect to the East one-half of Section 18 as to which Ranchers and HNG control and operate the mineral estate, with the surface also being owned by Fernandez. The disputes have resulted in litigation among the parties (Cause No. 16206, New Mexico State District Court, Eleventh Judicial District, McKinley County, New Mexico); the case has been partially tried and the presiding judge has entered findings and conclusions relating to those issues which have been tried. No judgment has been entered, and the parties now desire to settle the dispute amicably among themselves in order to avoid the further time and expense of continued litigation.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the parties agree as follows:

1. The parties shall forthwith file a Joint Motion for Dismissal in the form attached hereto as Exhibit C-1 and shall present to the Court for signature and entry an Order of Dismissal with Prejudice in the form attached hereto as Exhibit C-2.
2. Fernandez shall concurrently herewith execute and deliver to each of the other parties hereto releases in the form attached hereto as Exhibit D-1.
3. Santa Fe and Fernandez hereby ratify, approve and confirm the Surface Owner's Agreement dated as of April 1, 1955, subject to the provisions of this Agreement. Pursuant to the requirements of Paragraph 15 of the Lease, Ranchers and HNG, as Lessee from Santa Fe, hereby covenant and agree with Fernandez to perform the obligations of Santa Fe under or arising out of the aforesaid Surface Owner's Agreement, subject to the provisions of this Agreement, and further covenant and agree to indemnify and hold harmless Santa Fe with respect to any and all such obligations. Such obligation on the part of Ranchers and HNG shall continue until expiration of such Lease (including extensions or renewals thereof) and shall survive such expiration to the extent of any obligations which were attributable to operations conducted during the Lease term but which were not yet performed at the date of Lease expiration. During the term of such Lease (including extensions or renewals thereof), Fernandez covenants and agrees to accord unto Ranchers and HNG all of the rights and privileges granted unto Santa Fe in the aforesaid Surface Owner's Agreement. Thereafter Santa Fe and Fernandez agree that the Agreement dated July 31, 1979 between Fernandez and Santa Fe will apply to any new lease which may be entered into with respect to Section 7.

4. Paragraph 5 of the Lease defines "Mine Value per Dry Ton" with respect to uranium bearing ores which are mined from the Property and thereafter sold or fed to process. Such Mine Value per Dry Ton is then utilized to compute the production royalty to be paid by Ranchers and HNG to Santa Fe, as Lessor, with respect to such uranium bearing ores. With respect to the two percent (2%) payment to be made to Fernandez under the aforesaid Surface Owner's Agreement, Ranchers, HNG, Santa Fe and Fernandez hereby agree that the two percent (2%) to be paid to Fernandez under the Surface Owner's Agreement shall be computed by multiplying such percentage by the Mine Value per Dry Ton utilized to compute the Lessor's royalty paid by Ranchers and HNG to the Santa Fe with respect to uranium bearing ores mined from the Property and thereafter sold or fed to process under the Lease. It is further agreed that:

- (a) Payments to Fernandez shall be made on or before the 20th day of the month next following receipt by Ranchers and HNG of payments for production sold.
- (b) Payments shall be accompanied by mill settlement sheets setting forth tonnage and grade of ores mined and shipped from the Property and fed to process or sold, and shall be further accompanied by a statement from Ranchers and HNG as to the selling price they have received and which has been used to compute Mine Value per Dry Ton for purposes of paying the Lessor's royalty to Santa Fe.
- (c) Representatives of Fernandez shall have the right to inspect and audit, at Fernandez expense, at reasonable intervals and during normal business hours, such records of Ranchers and HNG as may be reasonably required in order to verify the computation of Mine Value per Dry Ton upon which payments to be made hereunder are based. In this regard, the selling price utilized by Ranchers and HNG for computation of the Lessor's royalty and which will be utilized to compute payments to Fernandez as above described, will not include that part of sales proceeds attributable to sale of production from the Property which will be paid to General Atomic Company in settlement of litigation concerning sale of production from the Property, which payments are to be made pursuant to a Payment Agreement as amended, dated March 5, 1979 among Ranchers, HNG and General Atomic Company. Fernandez and Santa Fe, in executing this Agreement, acknowledge receipt of a copy of the aforesaid Payment Agreement, as amended. Similarly, selling price will not include production and severance taxes, if any, which are assessed by the State of New Mexico based on selling price and as to which the buyer subsequently provides reimbursement. All other proceeds received, directly or indirectly, by Ranchers and HNG for the sale of production obtained from the Property shall be included in determining the sales price used to compute royalties and Mine Value per Dry Ton.

5. Pursuant to an agreement to settle the aforesaid disputes and litigation in principle, Ranchers and HNG have made provisional payments to Fernandez in the aggregate amount of \$315,000.00 which amount is a credit against the 2% payment due

with respect to production mined and sold from the inception of mining operations on the Property through the month of December 1979. On or before May 9, 1980, Ranchers and HNG shall provide Fernandez with final settlement data with respect to production mined and sold through the month of December 1979, together with provisional settlement data with respect to additional production mined and sold in the months of January, February and March, 1980, and on or before such date shall pay Fernandez such additional amount as may be required to eliminate any outstanding balance for royalties payable for production mined and sold from the inception of operations on the Property through the month of March, 1980. To the extent that settlement data for the months of January, February and March 1980 is provisional, the payment for these months shall be subject to adjustment as hereinafter provided. Royalty payments for months subsequent to March, 1980, shall be made in accordance with the provisions of this Agreement. Provided, however, that in the event settlement sheets from the mill are not available by the 20th day of a month with respect to production in the previous month as a result of the fact that Ranchers and HNG and the mill have not agreed upon final settlement data, the royalty payment for such previous month shall be made on a provisional basis; any debits or credits for such month, to be determined when final settlement data is available, shall be made in the royalty payment for the month in which such final settlement data is available. Similarly, in the event that provisional selling prices are used to compute royalties for a particular month, such royalty shall be re-computed when final pricing data is available and any debits or credits with respect to such royalty shall be made in the royalty payment for the month in which such final pricing data is available.

6. This Agreement shall supercede and replace that certain Release dated November 22, 1968 from Fernandez to Ranchers relating to certain aspects of Ranchers' use of the surface of the Property in connection with its exploration and development thereof. Such Release is terminated as of the effective date hereof, and it is expressly agreed that this Agreement shall be controlling with respect to the rights, duties and obligations of the parties hereto. Provided, however, that nothing contained herein shall be deemed to modify, amend or otherwise affect that certain Agreement dated May 5, 1975 between Fernandez and Ranchers relating to use of water and other matters with respect to operations on the Property and the use or possible use of adjacent or contiguous properties.

7. It is expressly agreed that the rights and privileges regarding entry, operations and surface use accorded by Fernandez to Ranchers and HNG, as Lessee from the Sante Fe, under the above described Surface Owner's Agreement attached hereto as Exhibit B shall be fully accorded by Fernandez to Ranchers and HNG with respect to mining operations conducted on the East one-half of Section 18, which land adjoins the Property and on which Ranchers and HNG are conducting mining operations in connection with the mining operations on the Property. For purposes of this Agreement, the obligations of Ranchers and HNG with respect to the Property shall be equally applicable to the East one-half of Section 18, and Ranchers and HNG agree to perform same, except that no 2% royalty under the Surface Owner's Agreement shall be payable to Fernandez and no other royalty shall be due with respect to production mined and sold from the East one-half of Section 18.

8. This Agreement shall remain in full force and effect from the effective date hereof until such time as mining operations on the Property and the East one-half of Section 18 are terminated and the Lease attached hereto as Exhibit A has been terminated and all equipment removed from the Property as permitted or required by the express terms of such Lease. Provided, however, that the termination of this Agreement shall not operate to relieve Ranchers and HNG from performance of any obligations which were required to be performed but which were unperformed as of the date of termination, including payment of any royalties with respect to production mined prior to the date of such termination.

IN WITNESS WHEREOF the parties have hereunto set their hands and seals as of the first day of October, 1979.

RANCHERS EXPLORATION AND
DEVELOPMENT CORPORATION

ATTEST:

Stephen C. Gull
Secretary

By *Richard P. Giddell*
Sr. Vice President

HNG OIL COMPANY

ATTEST:

Danny W. O'Leary
Assistant Secretary

By *Richard C. Albright*
Title Sr. Vice President

FERNANDEZ COMPANY

By *Frances M. Proa*
Lana M. Lee General Partner
Harriet F. Lee

ENVIROSEARCH CORPORATION

ATTEST:

Luella L. Ellis

By *Alma J. Zuchter*
Title Pres.

SANTA FE PACIFIC RAILROAD COMPANY

ATTEST:

J. R. Young
Secretary

By *R. J. Stahl*
Title Senior Vice President

EXHIBIT A

to

Agreement dated as of October 1, 1979

among

Fernandez Company and Ranchers Exploration & Development Corporation, et al

consisting of

URANIUM MINING LEASE AGREEMENT

dated October 10, 1971

between

Ranchers Exploration & Development Corporation

and

Santa Fe Railroad Company

URANIUM MINING LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this 10th day of OCTOBER, 1971, by and between SANTA FE PACIFIC RAILROAD COMPANY, a corporation created by Act of Congress, approved March 3, 1897, hereinafter called "Lessor," and RANCHERS EXPLORATION AND DEVELOPMENT CORPORATION, a New Mexico Corporation of Albuquerque, New Mexico, hereinafter called "Lessee".

WITNESSETH: That the parties hereto, for the considerations hereinafter expressed, covenant and agree as follows:

1. Lessor, upon the terms and conditions and subject to the reservations hereinafter set forth, hereby grants to Lessee the exclusive right and privilege for a period of ten (10) years beginning with the date hereof, to search, explore and mine for uranium-bearing ore by methods used and recognized in the industry on the lands situated in the County of McKinley, State of New Mexico, described in Exhibit "A" attached hereto and by this reference made a part hereof, said lands being hereinafter referred to as said "leased premises," including the right to construct and maintain thereon at the sole cost and expense of Lessee, all works, buildings, plants, waterways, roads, telegraph or telephone lines, or other structures necessary and desirable in the exploration, development or conduct of mining operations upon said lands including the use of such water rights as Lessor may have.

SUBJECT to the rights of grantees, vendees and licensees of the surface of said lands under deeds, contract of purchase, or other agreements heretofore made by Lessor and to the obligations of Lessor under the provisions thereof.

SUBJECT, ALSO, to all leases or agreements now outstanding for use of said lands, or any portion thereof, for mining or other purposes, but Lessor represents that there are no such leases or agreements valid and outstanding made by Lessor for the development and production of uranium-bearing ore and associated minerals.

SUBJECT, ALSO, to the right of Lessor (which right is hereby expressly reserved) to enter into leases, permits, or other agreements with others covering said lands or any portion thereof for any purpose whatsoever not inconsistent with the rights of Lessee hereunder.

It is understood that the Lessee is hereby granted the right to mine only within the exterior boundaries, extended vertically downward, of the land hereby leased.

2. Lessee agrees on or before the expiration of the first ten (10) year period of the term of this lease to surrender the leased premises to Lessor by an appropriate instrument in writing if production operations for the recovery of uranium ore have not been commenced therein within such ten (10) year period.

3. Lessee agrees to enter into and upon the said premises and to work and operate on the leased premises in the manner of a prudent operator during the period of this Lease and Agreement in accordance with approved methods so as to discover, mine and remove the greatest amount of uranium-bearing ore possible in a manner proper and necessary to good and economical mining with due regard to the development and preservation of the said premises as mining ground. Lessee further agrees that all work done in and upon said premises and property shall be done in full compliance with the mining laws and regulations of the State, the United States, and any other competent public authority.

4. Lessor reserves the right through its agents or representatives to enter from time to time during ordinary business hours and at its sole risk and expense, into and upon all parts of said premises and workings thereon for the purpose of inspection, visual surveys, or taking samples therefrom, and Lessee agrees to render said agents or representatives proper assistance in making said inspection, visual surveys or examinations. Lessee shall furnish quarterly reports to the Lessor, including maps, showing all factual exploration data and all of the mining and exploration work done, or in progress upon the property, together with assays of the ore encountered, during the preceding quarter.

5. Subject to the provisions of Paragraphs 6 and 7 hereof, on all ores mined and removed from the leased premises for the purpose of milling, treatment, or other disposition, Lessee shall pay to Lessor a percentage royalty of the mine value per dry ton as set forth in the following schedules:

- (i) Lessee shall pay Lessor on all underground ore mined from the demised premises through shaft or tunnel on the following royalty schedule:

PERCENTAGE ROYALTY SCHEDULE

| Mine Value Per Dry Ton | Royalty Percentage of Mine Value Per Dry Ton |
|------------------------|--|
| \$ 0.01 to \$ 5.00 | 11-1/2% |
| \$ 5.00 to \$10.00 | 12% |
| \$10.00 to \$15.00 | 12-1/2% |
| \$15.00 to \$20.00 | 13% |
| \$20.00 to \$25.00 | 13-1/2% |
| \$25.00 to \$30.00 | 14% |
| \$30.00 to \$35.00 | 14-1/2% |
| \$35.00 to \$40.00 | 15% |
| \$40.00 to \$45.00 | 15-1/2% |
| \$45.00 to \$50.00 | 16% |
| \$50.00 or more | 16-1/2% |

- (ii) Lessee shall pay Lessor on all ore mined by open pit or by surface mining methods on the following royalty schedule:

PERCENTAGE ROYALTY SCHEDULE

| Mine Value Per Dry Ton | Royalty Percentage of Mine Value Per Dry Ton |
|------------------------|--|
| \$ 0.01 to \$ 5.00 | 12% |
| \$ 5.00 to \$10.00 | 14% |
| \$10.00 to \$15.00 | 16% |
| \$15.00 to \$20.00 | 18% |
| \$20.00 to \$25.00 | 20% |
| \$25.00 to \$30.00 | 22% |
| \$30.00 to \$35.00 | 24% |
| \$35.00 to \$40.00 | 26% |
| \$40.00 to \$45.00 | 28% |
| \$45.00 to \$50.00 | 30% |
| \$50.00 or more | 32% |

"Mine value per dry ton" wherever used in this Paragraph 5. is hereby defined as the dollar value per dry ton (ton = 2,000 pounds) of crude ore at the mine, as determined by application to the valuable uranium content of such ore of the following "Price Schedule for Uranium Ores," multiplied by a fraction whose numerator is the actual final weighted average price per pound of U₃O₈ received by Lessee for uranium concentrate derived from ores from the leased premises during the preceding six (6) months for which royalty is being computed and whose denominator is \$8.00, except that if no sales have been made during the preceding six (6) months, then the numerator shall be the price received from the current sale.

PRICE SCHEDULE FOR URANIUM ORE

| U ₃ O ₈ Assay of Ore | Value per Pound of U ₃ O ₈ Contained in Ore |
|--|---|
| Less than 0.10% of U ₃ O ₈ | \$0.75 |
| 0.10% U ₃ O ₈ | \$1.50 |
| 0.11% U ₃ O ₈ | \$1.70 |
| 0.12% U ₃ O ₈ | \$1.90 |
| 0.13% U ₃ O ₈ | \$2.10 |
| 0.14% U ₃ O ₈ | \$2.30 |
| 0.15% U ₃ O ₈ | \$2.50 |
| 0.16% U ₃ O ₈ | \$2.70 |
| 0.17% U ₃ O ₈ | \$2.90 |
| 0.18% U ₃ O ₈ | \$3.10 |
| 0.19% U ₃ O ₈ | \$3.30 |
| 0.20% U ₃ O ₈ and more | \$3.50 |

MNLD 002648

plus a grade premium of \$0.75 per pound for each pound of U₃O₈ in excess of four (4) pounds per ton of ore and an additional premium of \$0.25 per pound for each pound in excess of ten (10) pounds U₃O₈ per ton.

Wherever minerals or other products associated with uranium-bearing ore are recovered from the ores which are not included in determining mine value per dry ton as heretofore defined, there shall be paid by Lessee to Lessor for such minerals or other products, a royalty of ten percent (10%) of the gross value of such products, less deduction for transportation and milling costs.

All royalty payments to be made by Lessee to Lessor shall be made on or before the 20th day of the month next following receipt by Lessee of payments for the products sold or disposed of.

Lessee shall keep accurate account of all mining operations, showing the sales, prices, dates, purchases, and the whole amount of minerals mined, the amount removed and the gross receipts derived therefrom, together with any bonus or other payments, and furnish to Lessor sworn monthly reports thereon not later than the 20th day of the succeeding month.

6. In lieu of the royalty payments specified in Paragraph 5. hereof, Lessor at all times during the term of this lease shall have the right to take its royalty percentage, as hereinafter set forth, of all products mined or removed from the leased premises as ore. Said royalty percentage of ore produced from said leased premises shall be determined by dividing the mine value per dry ton (as defined in Paragraph 5 hereof) by the gross value per dry ton (as hereinafter defined), then multiplying the result by the applicable royalty percentage (as set forth in the table labeled "Percentage Royalty Schedule" in Paragraph 5 hereof) of the mine value per dry ton. The result when expressed as percentage shall constitute the royalty percentage of physical volume of ore due Lessor.

The term "gross value per dry ton" whenever used in this Paragraph 6. is hereby defined as the dollar value per dry ton (ton = 2,000 pounds) of crude ore as determined by multiplying the valuable uranium content of such ore by the weighted average price per pound of U₃O₈ received by Lessee, or the company selling Lessee's concentrate during the six (6) months preceding the month in which Lessor's royalty is being determined under the provisions of this paragraph.

Expressed as a formula, Lessor's royalty percentage of ore is as follows:

$$\frac{\text{Mine Value Per Dry Ton}}{\text{Gross Value Per Dry Ton}} \times \text{Royalty Percentage of Mine Value Per Dry Ton}$$

For example, in underground mining, using .20% ore and a concentrate price of \$8.00 per pound:

$$\frac{\$14.00 \text{ (Mine Value)}}{\$32.00 \text{ (Gross Value)}} \times 12\frac{1}{2}\% \text{ (Royalty Percentage)} = 5.47\%$$

MNLD 002649

Lessor shall have the right on ninety (90) days' notice in writing to Lessee at any time, or from time to time as often as Lessor shall desire, but not more frequently than twelve (12) month intervals, to change the method of payment of all of its said royalty from payment in kind as ore to payment in money, or vice versa. If no such written instructions are given to Lessee by Lessor, said royalty payments shall be made in money.

7. Wherever Lessee shall save, recover and process for recovery of uranium therefrom any uranium-bearing mine water from the leased premises, there shall be paid by Lessee to the Lessor for such uranium-bearing mine water a royalty of six and one-quarter percent (6-1/4%) of the market value of U₃O₈ contained in uranium concentrate recovered by Lessee from such uranium-bearing mine water.

8. Lessee shall pay to Lessor, annually in advance, rental per acre in the following manner and amounts during the term hereof:

| <u>Lease Year</u> | <u>Advance Rental Per Acre Retained</u> |
|-------------------|---|
| First Year | \$10.00 |
| Second Year | \$10.00 |
| Third Year | \$10.00 |
| Fourth Year | \$10.00 |
| Fifth Year | \$10.00 |
| Sixth Year | \$15.00 |
| Seventh Year | \$15.00 |
| Eighth Year | \$20.00 |
| Ninth Year | \$20.00 |
| Tenth Year | \$20.00 |

The amounts so paid for any one (1) year shall be credited against royalty actually paid to Lessor for that year, or may be deducted from royalty if taken in kind. The value of the ore so deducted is to be computed as though the Lessor had sold for Lessee at the last or current sale. Provided, however, that, beginning with the first anniversary date of the lease after production shall have commenced and royalty shall have been paid on said production, rental shall thereafter be \$10.00 per retained acre, notwithstanding the rental schedule herein set forth.

9. In addition to the rentals as provided in Paragraph Eight (8), Lessee shall pay to Lessor, annually in advance, during the term hereof, Advance Royalty per acre in the following manner and amounts:

| <u>Lease Year</u> | <u>Advance Royalty Per Acre Retained</u> |
|-------------------|--|
| First Year | \$15.00 |
| Second Year | \$15.00 |
| Third Year | \$15.00 |
| Fourth Year | \$15.00 |
| Fifth Year | \$15.00 |
| Sixth Year | \$10.00 |
| Seventh Year | \$10.00 |
| Eighth Year | \$ 5.00 |
| Ninth Year | \$ 5.00 |
| Tenth Year | \$ 5.00 |

MNLD 002650

Provided, however, that any and all Advance Royalty so paid shall accrue and be creditable against royalty paid to Lessor on actual production. Payment of advance royalty as herein provided shall cease upon Lessee's payment to Lessor of royalty on production.

10. Lessee shall not subject Lessor or the leased premises to any liability or lien for or on account of any work done or improvements made or materials placed on or used upon said premises, and if by reason of the failure of Lessee to pay bills or expenses incurred by Lessee, any lien or liens shall be filed against the leased premises, Lessor may forthwith pay and discharge the same and hold Lessee bound to repay to Lessor all sums so advanced or paid to clear said premises from liens which may be filed as aforesaid; Lessor may also at its election declare a forfeiture of this Lease and Agreement if Lessee does not repay Lessor such sums within fifteen (15) days after receipt of notice from Lessor.

11. Lessee shall file returns with the proper taxing authorities covering the mineral estate hereby leased, the uranium-bearing ore or other minerals produced from the leased premises, and all personal property which may be placed upon said premises by Lessee; and shall pay, before the same shall become delinquent, all taxes, charges, rates and assessments which may during the term of this lease be levied upon or assessed in any respect upon or against said mineral estate, ore, mineral products or personal property, together with all increase in such charges, rates or assessments upon the land by reason of the discovery or production of such minerals or on account of improvements erected upon said land, including buildings, machinery and other fixtures placed thereon by Lessee. Where any such taxes, charges, rates or assessments may be embraced in the general amount of taxes charged Lessor or to the surface owner, and Lessor shall pay such taxes or refund the same to the surface owner, then Lessee shall promptly repay or refund to Lessor the amount or part of the tax, charge, rate or assessment attributable under this Lease and Agreement to Lessee. All such payments by Lessor on account of Lessee shall bear interest at the rate of eight percent (8%) per annum until paid.

12. Lessee shall save harmless and indemnify Lessor against all claims, demands, suits, judgments, expenses and costs of any and every kind on account of the injury to or death of persons, or loss of or damage to property arising in any manner out of or in connection with the operations of Lessee hereunder,

including those arising out of its failure to effectively close surface openings of abandoned mines as required by Paragraph 13 hereof, and Lessee shall at Lessee's sole cost and expense defend all the claims, demands or suits; and, if at any time Lessee employs any person or persons to work upon the leased premises, Lessee shall comply with the Workmen's Compensation Act of New Mexico and all regulations and requirements of competent public authority and provide certificate of insurance to Lessor indicating the amounts and types of coverage of such other insurance as Lessor may require.

13. At the expiration of this Lease and Agreement, or upon its earlier termination as herein provided, Lessee shall surrender the leased premises in good order and condition; provided, however, Lessee shall have six (6) months from date of expiration or termination to remove therefrom all machinery, tools and improvements, except such as may become the property of the Lessor under this Lease and Agreement by purchase or otherwise; provided, however, that no such tools, machinery, or improvements shall be removed while Lessee may be in any manner indebted to Lessor under any obligation incurred under this Lease and Agreement. Lessee shall not, however, remove any timbers or improvements which may be necessary or desirable to leave in the workings to protect same from subsidence, or as a mining property unless written approval is obtained from Lessor to do so. Lessee hereby undertakes and agrees that when any mining operations on the leased premises are closed down, or when this Lease and Agreement is terminated, Lessee will backfill or in some other manner effectively close or blockade all shafts, tunnels or other surface openings, and will post appropriate "no trespassing" and caution and danger signs at or near all such safeguards, so as to prevent persons from entering or falling into any such surface openings.

Lessee shall, at its own expense, promptly comply with all federal, state, county or municipal government laws, ordinances, rules, regulations, requirements and orders relating to the reclamation, restoration, reconditioning, or conservation of land and water areas or to air or water pollution, which are in effect or which become effective during the term hereof and which are applicable to any operations or activities conducted by Lessee on the leased premises or to Lessee's use or occupancy thereof. Such federal, state, county, or municipal government laws, ordinances, rules, regulations, requirements and orders are hereinafter collectively referred to as "governmental conservation requirements."

In the event Lessee shall fail, within thirty days from receipt by it of written notice from Lessor of Lessee's failure to commence compliance with a governmental conservation requirement, to thereafter bring its operations into compliance with such requirements with reasonable diligence and evidence the same by certification of compliance by the appropriate regulatory agency, Lessor shall have the right forthwith to terminate this lease without further notice. Failure of Lessor to give such notice as to any violation of a governmental conservation requirement shall not constitute a waiver as to any subsequent violation. Provided, however, that nothing contained herein shall be deemed to prevent Lessee from contesting the applicability or legality of any such "governmental conservation requirements," and Lessee's compliance obligation as set forth herein shall be suspended, if permitted by law, until the applicability or legality of any contested "governmental conservation requirement" has been resolved by litigation, administrative proceedings, or otherwise.

Lessee agrees to indemnify and hold Lessor harmless from and against any claims, suits, penalties or other damages asserted against or incurred by Lessor pursuant to such governmental conservation requirements and which result or arise directly from the operations or activities conducted by Lessee on the leased premises, including reasonable attorneys' fees and expenses incurred by Lessor in connection therewith.

14. Any notice to be given by Lessor to Lessee hereunder shall be deemed to be properly served if the same be deposited in a United States Post Office, certified or registered mail postpaid, return receipt requested, addressed to Ranchers Exploration and Development Corporation
P. O. Box 6217
Albuquerque, New Mexico 87107

and any notice to be given by Lessee to Lessor hereunder shall be deemed to be properly served if the same be deposited in a United States Post Office, registered mail postpaid, return receipt requested, addressed to

Santa Fe Pacific Railroad Company
Attention: Secretary
Room 220, 920 Jackson Street
Topeka, Kansas 66612

or at such other address as Lessor may request.

15. Lessor does not warrant quiet possession by the Lessee of said lands or the ores or minerals on or under them, and Lessor shall in no event become liable for damage arising from any lack or failure of title in the Lessor.

MNLD 002653

to said lands or to the ores or minerals on or under them, or eviction of the Lessee therefrom by title paramount to the title of the Lessor. Provided, however, that if Lessor owns less than the entire and undivided mineral estate in the leased premises, then the rentals, advance royalties, and the production royalties shall be proportionately reduced and paid to Lessor only in the proportion which Lessor's interest bears to the entire undivided mineral estate. In such event, Lessor shall reimburse Lessee for prior overpayments, if any, of rentals, advance royalties and production royalties received by Lessee using the above proportionate reduction applied retroactively to the date of this Lease and Agreement.

Lessor has sold and conveyed all of said lands by deed, which deed provides that Lessor expressly reserves and excepts all oil, gas, coal and minerals whatsoever, already found or which may hereafter be found, upon or under said lands, with the right to prospect for, mine and remove the same, and to use so much of the surface of said lands as shall be necessary and convenient for shafts, wells, tanks, pipelines, rights of way, railroad tracks, storage purposes, and other and different structures and purposes necessary and convenient for the digging, drilling and working of any mines or wells which may be operated on said lands. Lessee accepts this Lease and Agreement subject to the aforesaid terms and provisions, and also subject to all of the terms and provisions of said deed.

Lessee agrees at its sole cost and expense that:

Lessee shall make all payments to the surface owners for the use of their lands, shall pay for damage to surface owners' lands, buildings, improvements, fences, grazing grass and crops caused by its operations hereunder, shall construct gates as necessary for crossing fenced land and shall keep such gates repaired and closed, all to the same extent as would be required by the terms and provisions of previous deeds, contracts of purchase or other agreements of record, and by applicable laws, rules or regulations had Santa Fe Pacific conducted such operations, and Lessee shall indemnify and protect Santa Fe Pacific with respect to such obligations and from any and all claims made arising out of or in any way connected with Lessee's operations.

Lessee will also indemnify and save Lessor harmless from any and all claims of or liability to the owner or owners of the surface of the land leased by reason of failure of Lessee to perform the requirements mentioned immediately above.

Any amounts which Lessor shall be required to pay to any such surface owner or owners by reason of the failure of the Lessee to perform such

obligations shall be refunded by Lessee to Lessor within thirty (30) days after demand therefor, and upon failure to make such payment within said time, all amounts so due shall become a lien upon all property of the Lessee upon said premises and all of Lessee's interest in any uranium ore produced therefrom and the proceeds thereof. All such payments by Lessor on account of Lessee shall bear interest at the rate of eight percent (8%) per annum until paid.

16. No termination of this Lease and Agreement, whether by lapse of time or otherwise, shall release Lessee from any liability or obligation hereunder, whether of indemnity or otherwise, resulting from any acts, omissions, or events happening prior to the date of such termination.

17. Lessee shall not assign this Lease and Agreement, or any interest therein, nor sublet any portion of the leased premises, except with the written consent of Lessor first had and obtained in each instance.

18. Lessor agrees that if during the initial ten (10) year term of this Lease and Agreement Lessee has found and at the expiration of such initial term of this lease is producing uranium-bearing ore in commercial quantities from the leased premises, Lessor will automatically renew this Lease and Agreement for an additional three (3) year period, upon the same terms and conditions, including the right to like and successive renewals thereafter, upon the same conditions, subject always during any such extended period to termination whenever uranium in commercial quantities shall not be produced during any period of sixty (60) consecutive days; provided, however, that in all instances in which Lessee is required to perform any particular act or to begin or to carry on any operation, except payment of rentals or other money due Lessor, any delay on account of fire, floods, washouts, strikes, lockouts, the elements, acts of God, laws, rules and regulations of the government or any agencies thereof, or the public enemy, or any other causes reasonably beyond Lessee's control, shall not be computed as any part of the time within which any such act shall be begun or performed. Lessor shall be under no obligation to renew this Lease and Agreement at any time or times if Lessee shall then be in default hereunder and shall not have corrected or commenced to correct such default in accordance with Paragraph 20. hereof or if this Lease and Agreement has been previously terminated by reason of any such default.

19. Lessee may, at any time, subject to the provisions of Paragraph 13 hereof, surrender any part of the leased premises to the Lessor by an appropriate

MNLD 002655

instrument, in writing, duly executed and acknowledged so as to entitle the same to be recorded, and thereupon all rights and obligations of the parties hereto, one to the other, shall cease and determine as to the premises thereby surrendered; provided, however, the Lessor shall have first paid all rentals, taxes, or royalties due and shall have performed all obligations of the Lessee hereunder.

20. If Lessor, at any time, believes that Lessee is in default under the terms and provisions of this Lease and Agreement, it shall notify Lessee in writing of the particular default claimed, and if such default shall not be cured or Lessee has not commenced to cure such default within thirty (30) days after the giving of such notice, Lessor may (except as hereinafter provided in the case of dispute) terminate this Lease and Agreement by written notice to Lessee. In the event Lessee shall fail to make any payment of rentals or royalties, or other fixed amounts, when due, Lessor may terminate this Lease and Agreement upon ten (10) days' written notice to Lessee and Lessee's failure to pay the full amount due within that time.

Provided, however, that if Lessee disputes the existence of a claimed default, it shall notify Lessor in writing within fifteen (15) days after receipt of Lessor's notice of claimed default. Lessee's notice shall specify the reasons for disputing the existence of such claimed default. If the parties cannot agree upon a solution, the dispute shall proceed to arbitration in accordance with Paragraph 21 hereof. Lessee shall have thirty (30) days following an agreement by the parties or the decision of the arbitrators, whichever the case may be, within which to commence action to cure the default if a default is found to exist.

Disputes or differences between the parties hereto shall not interrupt performance of this Lease and Agreement or the continuation of operations hereunder. In the event of any dispute or difference, operations shall be continued, and settlements and payments may be made hereunder, in the same manner as prior to such dispute or difference, until the matters in dispute have been finally determined between the parties, and thereupon such payments or restitutions shall be made as may be required under the terms of the settlement of final determination of the dispute.

21. Any dispute between the parties under this agreement shall be referred to arbitration, each party selecting one arbitrator and the American

Arbitration Association designating the third arbitrator. The award of the arbitrator shall be final and binding on the parties hereto. The cost of the arbitrators shall be divided equally between Lessee and Lessor.

22. All of the covenants and agreements of this Lease and Agreement shall extend to and be binding upon, and every benefit hereof shall inure to the heirs, executor, administrators, successors or assigns of the parties hereto, as the case may be.

IN WITNESS WHEREOF, this Lease and Agreement has been executed by the parties thereunto duly authorized the day and year first above written.

LESSOR

SANTA FE PACIFIC RAILROAD COMPANY

By

R C Schuett

President

ATTEST:

A. P. Anderson
Assistant Secretary

LESSEE

RANCHERS EXPLORATION AND DEVELOPMENT CORPORATION

ATTEST:

By:

John E. Motica

VICE PRESIDENT

MNLD 002657

F0047

STATE OF ILLINOIS)
COUNTY OF COOK) ss.

The foregoing instrument was acknowledged before me this 13th
day of April, 1972 by R. C. Schnelt, VICE
President of SANTA FE PACIFIC RAILROAD COMPANY, a corporation organized and
existing under and by virtue of an Act of Congress approved March 3, 1897,
on behalf of said corporation.

A. H. Louden
Notary Public

My Commission Expires:

April 13, 1975

STATE OF New Mexico)
COUNTY OF Bernalillo) ss.

The foregoing instrument was acknowledged before me this 8th
day of MARCH, 1972, by J. E. NOTICA, Vice
President of RANCHERS EXPLORATION AND DEVELOPMENT CORPORATION
corporation, on behalf of said corporation.

Ruth Zubizarreta
Notary Public

My Commission Expires:

12-6-75

MNLD 002658

EXHIBIT A

To Uranium Mining Lease and Agreement dated as of October 10, 1971
by and between Santa Fe Pacific Railroad Company and Ranchers Exploration
and Development Corporation.

The following described lands situate in Section 7, Town-
ship 13 North, Range 8 West, N.M.P.M., McKinley County
New Mexico:

| <u>DESCRIPTION</u> | <u>ACRES</u> | <u>TOTAL ACRES</u> |
|--------------------|--------------|--------------------|
| E/2 | 320.00 | |
| Lot 1 NW/4 | 40.14 | |
| Lot 2 NW/4 | 39.99 | |
| E/2 W/2 | 160.00 | |
| Lot 3 SW/4 | 39.83 | |
| Lot 4 SW/4 | <u>39.68</u> | |
| | | 639.64 |

MNLD 002659

EXHIBIT B

to

Agreement dated as of October 1, 1979

among

Fernandez Company and Ranchers Exploration & Development Corporation, et al

consisting of

SURFACE OWNER'S AGREEMENT

dated April 1, 1955

between

Fernandez Company and Santa Fe Railroad Company

MNLD 002660

F0050

SERVAGE OWNER'S AGREEMENT

THIS AGREEMENT, made and entered into this first day of April, 1955, by and between FERNANDEZ COMPANY, a New Mexico corporation (hereinafter for convenience called the "Land Owner"), first party, and SANTA FE PACIFIC RAILROAD COMPANY, a corporation (hereinafter for convenience called "Santa Fe Pacific"), second party.

WITNESSETH

RECITALS:

Land Owner is the owner of the following described premises included in a certain deed of conveyance given by Santa Fe Pacific, hereinafter referred to as "described premises," and situated in the County of McKinley, State of New Mexico, to wit:

NEW MEXICO MERIDIAN, NEW MEXICO

Township thirteen North, Range eight West

Sections 7 and 17.

ADDENDUM

In connection with drilling operations on the land Santa Fe Pacific agrees:

(a) To plug all drill holes in such a manner as to prevent water from any water bearing stratum encountered from leaking to a lower stratum.

(b) To furnish Land Owner with logs of all drilling and to give Land Owner a reasonable opportunity to develop water encountered in drill holes upon abandonment thereof.

Before going on the land to commence drilling and prospecting operations, Santa Fe Pacific will arrange with Land Owner the point of access to such land and the location of all roads thereon upon which equipment is to be moved.

MNLD 002661

Subject, however, to exceptions and reservations of minerals and rights of entry to prospect for, mine and remove the same and to use so much of the surface of said lands as may be necessary and convenient contained in said deed of conveyance of the described premises given by Santa Fe Pacific.

Santa Fe Pacific has licensed or leased, or proposes to license or lease, the described premises for the purpose of prospecting for uranium and associated minerals and mining and removing the same.

It is desired at this time to avoid any future dispute as to what surface uses are permissible with respect to the described premises under said rights of entry and surface use, expressed or implied, and as to what uses would or might be considered excessive thereunder, and to provide an equitable consideration to the Land Owner for the right to make such uses.

AGREEMENT:

NOW, THEREFORE, it is mutually understood and agreed between the parties hereto as follows:

Section 1. In consideration of the mutual benefits and of the sum of Ten (\$10.00) Dollars paid by Santa Fe Pacific to the Land Owner, receipt whereof is hereby acknowledged, the Land Owner hereby confirms, extends, and grants to Santa Fe Pacific, its lessees, licensees, successors and assigns, the easements and rights to enter upon the described premises and to prospect for, mine, store and remove uranium and associated minerals, using any means or methods of mining, stripping, quarrying, drilling or any other or different process of extraction or development, and to construct, maintain and use upon, within, and over said premises, machinery, tanks, engines, pipe, power and telephone lines, water wells, not including water from Land Owner's wells, roadways, and, without limitation by reason of the foregoing enumeration, any and all other structures, equipment, fixtures, appurtenances, or facilities (all the above being included under the term "facilities") necessary or convenient in prospecting for and developing, producing, storing, transporting and marketing uranium and associated minerals produced from any portion of the described premises.

Section 2. Santa Fe Pacific agrees, so long as it is receiving royalties upon uranium ore production from the described premises, to pay or cause to be paid to the Land Owner the value on the premises of two per cent (2%) of all the uranium ore hereafter produced, saved and marketed therefrom. Said value shall not include any bonuses, development or haulage allowances or other special payment provided for by statute or by regulation or order of any governmental agency. The said two per cent (2%) shall be in lieu of any other payment expressed or implied in deed of conveyance of the described premises given by Santa Fe Pacific.

Section 3. Nothing herein contained shall be construed as a covenant to mine by Santa Fe Pacific, its lessees or licensees, or as a grant of any mineral right to the Land Owner.

Section 4. The easements, rights and uses herein shall be binding upon the described premises and each and every part thereof, and the present and future owners thereof, and shall continue for the benefit of the present or future owners of the uranium rights in the described premises and each and every part thereof, and their lessees and licensees.

Section 5. Santa Fe Pacific agrees (a) to pay or cause to be paid all damage to the Land Owner's buildings and growing crops caused by the erection or construction of facilities to be used in connection with mining operations; (b) that all pipe lines shall be buried below plow depth where such lines cross cultivated land; and (c) that where there are fences, to construct gates or cattle guards therein where necessary for Santa Fe Pacific, or its licensees or lessees, to cross same, and to keep such gates and cattle guards in repair and gates closed.

Section 6. This agreement and the easements, rights and uses granted herein shall terminate upon the termination of the license or lease; provided, however, that such termination shall not terminate the rights of entry and of surface use expressed or implied in the deed or deeds of conveyance from Santa Fe Pacific.

Section 7. This agreement shall inure to the benefit of, and shall be binding upon the heirs, executors, administrators and assigns of the Land Owner, and the successors and assigns of Santa Fe Pacific.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

SANTA FE PACIFIC RAILROAD COMPANY

By (Sgd) C. F. Mappes
Vice-President

ATTEST:

(Sgd) J. W. Alexander
Assistant Secretary

SEAL

FERNANDEZ COMPANY

By (Sgd) Floyd W. Lee
President

ATTEST:

(Sgd) Isabel Benson
Secretary

SEAL

APPROVED AS TO FORM
(Sgd) B. G. Johnson
Solicitor for New Mexico

STATE OF NEW MEXICO ss.
COUNTY OF MCKINLEY #53885

Filed for record in the Clerk's office
the 23 day of May, A. D. 1956 at 3:00
o'clock P. M. and recorded in Book 27
of Misc. on page 144-147

(Sgd) Dan Gutierrez
County Clerk

(Seal) ✓

MNLD 002664

COUNTY OF McKINLEY

Plaintiff,

$$v.$$

RANCHERS EXPLORATION AND
DEVELOPMENT CORPORATION,
SANTA FE PACIFIC RAILROAD
COMPANY, HNG OIL COMPANY,
and ENVIROSEARCH CORPORATION,

Defendants.

Plaintiff Fernandez Company and the Defendants Ranchers Exploration and Development Corporation, Santa Fe Pacific Railroad Company, HNG Oil Company and Envirosearch Corporation jointly move this Court for entry of an order dismissing this action with prejudice as having been settled.

By Marshall S. Apstein
Attorneys for Ranchers Exploration
and Development Corporation and
HNG Oil Company

By Attorneys for Fernandez Company

By Attorneys for Envirosearch Corporation

By Attorneys for Santa Fe Pacific
Railroad Company

F0055

STATE OF NEW MEXICO

COUNTY OF MCKINLEY

IN THE DISTRICT COURT

FERNANDEZ COMPANY, a
limited partnership,

Plaintiff,

v.

No. 16206

RANCHERS EXPLORATION AND
DEVELOPMENT CORPORATION,
SANTA FE PACIFIC RAILROAD
COMPANY, HNG OIL COMPANY,
and ENVIROSEARCH CORPORATION,

Defendants.

ORDER OF DISMISSAL WITH PREJUDICE

This matter coming before the Court on the Joint
Motion for Dismissal with Prejudice of the parties, and the
Court having heard the parties thereon and being fully
advised in the premises, it is therefore ORDERED that:

1. The Complaint of Fernandez Company and this
action are dismissed with prejudice.
2. Each party shall bear its own costs incurred
herein.

DISTRICT JUDGE

EXHIBIT C-2

MNLD 002666

F0056

RELEASE

1. For valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the Undersigned, its successors and assigns and all others claiming through or under it hereby releases, forever discharge, and covenant not to sue RANCHERS EXPLORATION AND DEVELOPMENT CORPORATION, SANTA FE PACIFIC RAILROAD COMPANY, HNG OIL COMPANY and ENVIROSEARCH CORPORATION (hereinafter Defendants) and their successors and assigns from and with respect to any and all of the following Claims which the respective Undersigned has against Defendants, their successors and assigns:

(a) All Claims relating to Section 7 and the East 1/2 of Section 18, Township 13 N., R.8W., N.M.P.M., McKinley County, New Mexico whatsoever that were alleged, asserted or raised in that certain suit in the District Court for the County of McKinley, State of New Mexico, FERNANDEZ COMPANY, a limited partnership v. RANCHERS EXPLORATION AND DEVELOPMENT CORPORATION, SANTA FE PACIFIC RAILROAD COMPANY, HNG OIL COMPANY and ENVIROSEARCH CORPORATION, No. 16206, and all Claims relating to said Section 7 and East 1/2 of Section 18 whatsoever that could have been alleged, asserted or raised in connection with, or which arise out of any of the matters alleged, asserted or raised in said suit.

2. This Release of Claims does not extend to and is not intended to affect future claims against Ranchers Exploration and Development Corporation based on that Agreement dated as of October 1, 1979 between the parties hereto.

MNLD 002667

3. The Undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claims released hereunder.

4. The negotiation and execution of this Release shall not constitute or be construed as an admission by the Undersigned or Defendants.

FERNANDEZ COMPANY

By _____

MNLD 002668

F0058

STATE OF NEW MEXICO
COUNTY CLERK

JUL 14 11 10 AM '83

MCKINLEY COUNTY

BOOK

54 PAGE 299

SURFACE LEASE

This surface lease agreement is entered into this 24th day of August, 1982 by Fernandez Company, a New Mexico limited partnership ("Fernandez" or "Lessor"), and Ranchers Exploration and Development Corporation, a New Mexico corporation ("Ranchers" or "Lessee").

Fernandez hereby leases to Ranchers and Ranchers leases from Fernandez a portion of the surface only of SE 1/4 of Section 7, and the N 1/2 of the E 1/2 of Section 18, Township 13 North, Range 8 West NMPM, McKinley County, New Mexico, as more fully described on the attached Exhibit "A", (the "Property").

The term of the lease shall be for one year from the date hereof, but upon payment of the additional rent specified below it shall automatically be renewed upon the same terms for successive one year periods up to a maximum of five years from the date hereof. In any year, Ranchers may terminate the lease by giving written notice to Fernandez at least 30 days prior to the lease anniversary date of its desire to terminate the agreement.

Throughout the lease term and any renewals thereof Ranchers shall pay rent in the amount of \$450 per month, payable yearly in advance. The first years' rent in the total amount of \$5,400 has been paid on or before this date and Fernandez acknowledges receipt of such amount.

JMM000178

F0059

Ranchers may relinquish and surrender the Property to Fernandez at any time by a written surrender. In such event, Ranchers shall not be entitled to any refund for advance rentals.

The purpose of this lease is to permit Ranchers to store buildings, mining equipment, machinery and miscellaneous related items upon the Property until Ranchers, in its discretion, is able to properly sell or otherwise dispose of such assets at a reasonable and fair price. Ranchers, pursuant to a joint venture with a third party, has previously carried out uranium mining on the Property, which mining has now ceased. However, Ranchers has been unable to dispose of the said buildings, machinery and equipment upon satisfactory terms, and desires to leave it at the present location until an acceptable market for such items returns. Upon disposition, Ranchers shall remove all such equipment, buildings and machinery in a workmanlike manner from the Property. The areas occupied by such items shall be cleaned of trash and debris, and then recontoured and revegetated. Any affected fence lines on the Property shall be reasonably repaired as directed by Fernandez.

Notwithstanding the above, Ranchers shall not remove the buildings and improvements which Fernandez has previously identified to Ranchers' personnel. Additionally, Fernandez has decided to retain the existing water pond or tank together with the associated pump, controls, piping and the domestic water well on

the Property. Fernandez shall pay for any pumping costs incurred for pumping requested by Fernandez. Fernandez hereby assumes any and all liability which may arise out of ownership of such items from the date they are surrendered to Fernandez.

If Fernandez at any time believes that Ranchers is in default under the terms and conditions of this lease it shall notify Ranchers in writing and if Ranchers fails to cure such default within 30 days after notice, Fernandez may terminate the lease and require immediate removal of all the buildings, equipment and machinery. Provided, however, if Ranchers disputes the existence of the default it shall promptly notify Fernandez in writing, specifying its reasons for disputing the default. If the parties cannot agree to a solution, the matter shall be submitted to arbitration pursuant to the procedures of the American Arbitration Association. The award of the arbitrator shall be final and binding upon the parties and the costs of the arbitrator shall be divided equally between Fernandez and Ranchers.

Any notices to either party shall be given by certified mail at the respective addresses below:

Ranchers Exploration and
Development Corporation
Attn: Paul A. Matthews
P. O. Box 6217
Albuquerque, NM 87197

Fernandez Company
San Mateo, NM 87050

This lease shall extend to and be binding upon the successors and assigns of each party. However, the lease may not be assigned in whole or in part by either party without the written consent of the other, which consent will not be unreasonably withheld.

IN WITNESS WHEREOF, this lease has been executed by Fernandez and Ranchers as of the day and year written above.

FERNANDEZ COMPANY, Ltd.

By James M. Lee
General Partner

RANCHERS EXPLORATION AND
DEVELOPMENT CORPORATION

By Teresa Hallberg
Title Vice President - Oper.

ATTEST:

James M. Rosel
and Secretary

STATE OF ^{New Mexico} CALIFORNIA)
COUNTY of ^{Cibola} Bernalillo) SS.

BOOK 54 PAGE 303

The foregoing instrument was acknowledged before me this 24th day of August by Paul A. Matthews, Vice President of Ranchers Exploration and Development Corporation, a New Mexico corporation, on behalf of said corporation.

Donna A. Lopez
Notary Public
My Commission Expires: 4-21-85

STATE OF CALIFORNIA)
County of) SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 1982, by Louise M. Lee, partner on behalf of Fernandez, a partnership.



Edwin D. Daniel
Notary Public
My Commission Expires: Feb. 26, 1986

STATE OF NEW MEXICO #211,353
COUNTY OF BERNALILLO
14th day of August
1982 at 11:00 AM
Signed: Paul A. Matthews
Witness: Donna A. Lopez
Sole Chavira, Dep.

JMM000182

F0063

Oversized map

| | | | |
|---------------------------------|-----------|----|------|
| RANCHERS | | | |
| EXPLORATION & DEVELOPMENT CORP. | | | |
| SCALE 1" = 400' | REVISIONS | | BY |
| DATE 8-25-82 | | | DATE |
| DR N | CKD | | |
| AP'VD | | | |
| TITLE | | NO | |

EXHIBIT "A"
To Ferndale surface lease
file #5-7

COPY



June 22, 1993

**** CERTIFIED MAIL ****
RETURN RECEIPT REQUESTED

Fernandez Company
San Mateo, New Mexico 87050

RE: Surface Lease Agreement dated August 24, 1982
between Fernandez Company and Ranchers Exploration
and Development Corporation ("Ranchers")
N1/2 of the E1/2 of Section 18, T13N, R8W,
McKinley County, New Mexico
(Hecla Ref. No. R-5-7/#251)

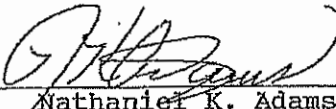
Gentlemen:

Please be advised that Hecla Mining Company ("Hecla"), as successor in interest to Ranchers, is hereby electing to terminate the above-captioned agreement in accordance with the terms thereof. The effective date of the termination will be July 24, 1993 as 30 days' prior written notice of termination is required. Reclamation work has been completed at the Johnny M Mine and the Nuclear Regulatory Commission has terminated the mine's radioactive materials license.

Should you have any questions or comments regarding this matter, please feel free to contact me at the address or phone number printed below.

Very truly yours,

HECLA MINING COMPANY

By 
Nathaniel K. Adams
Attorney

xc: G.R. Gamble
M.B. White